

DEPARTMENT OF THE NAVY
FISCAL YEAR (FY) 2003
BUDGET ESTIMATES



JUSTIFICATION OF ESTIMATES
FEBRUARY 2002

NAVY WORKING CAPITAL FUND

**DoN NWCF Summary
FY 2003 President's Budget**

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND (NWCF)
FY 2003 PRESIDENT'S BUDGET**

The NWCF continues to be a major support element for the operating forces of the Navy and Marine Corps with total cost of goods and services to be sold by the NWCF projected to exceed \$22 billion in FY 2003. NWCF activities perform a wide variety of functions including Supply Management, Depot Maintenance, Research & Development, Transportation, and Base Support.

The NWCF continues to pursue some important efforts to improve efficiency and maximize effectiveness. NWCF activities are heavily involved in the Department of the Navy's Strategic Sourcing initiatives and expect to produce savings through actions such as A-76 competitions and functionality reviews. Activities within the Depot Maintenance, Research & Development, and Supply Management areas continue to pursue Enterprise Resource Planning (ERP) pilot projects. ERP will be used to reengineer and standardize business processes, integrate operations and optimize management of resources.

In FY 2001, significant emergent costs were identified involving utilities, principally electricity at PWC San Diego, which took a dramatic upturn (in conjunction with overall volatility in the Southern California electricity market). Fortunately, supplemental (direct) appropriations were received in FY 2001 to fund increased utility costs and this negated the financial impact that the NWCF would have otherwise suffered. Although utility costs in many areas have declined from the peaks experienced in FY 2001, there are instances, especially in Southern California, where electricity will remain significantly more expensive. Thus PWC costs and customer rates for electricity are projected to remain above historical levels throughout the budget period.

To improve the accounting for and make the cost of government programs more visible to the American people, the Administration is proposing to align the full annual budgetary costs of resources used by programs with the budget accounts that fund the programs. To that end, the budget includes a request for a direct appropriation of \$373.2 million for the Navy Working Capital Fund, to fund the full accruing cost of the Civil Service Retirement System and health benefits for retired civilian employees in the Federal Employee Health Benefit Program. Beginning with the FY 2004 Budget, these costs will be built-into the rates charged to Navy Working Capital Fund customers. This proposal does not increase the total costs to the Federal government, since these costs were previously funded from a central account.

Within the Supply Management area, Navy continues to focus on ensuring sufficient spares are available to support the needs of the Fleet. While aging weapon systems continue to increase the challenges associated with providing the right material at the right place, time, and cost, the introduction of new weapons systems will undoubtedly help stabilize demand and improve the readiness of our force. Within this budget, Navy has included an initiative designed to track the maintenance history of Aviation Depot Level Repairables. With Serial Number Tracking (SNT), the Department will do away with the paper logbooks that normally accompany such repairables as engines and enable maintainers to quickly download and correlate data to perform root cause analysis. This capability will allow our maintainers to make the proper adjustments, whether they are through engineering change proposals or simply through personnel training, and ultimately

improve the reliability and cost effectiveness of material provided by the Navy Supply system. In the area of inventory management, retail obligation authority has been reduced by \$403.4 million in FY 2003 to reflect the transfer of fuel afloat to the Defense Logistics Agency (DLA). Additionally, the Department intends to pursue an initiative designed to sell off inactive inventory. The initiative is expected to achieve \$50 million in proceeds, which will then be applied to the purchase of similar items required to support the Department's readiness objectives.

Lastly, this budget submission reflects a continuing need for inventory augmentation. Inventory augmentation allows the Department to procure new system wholesale stock without creating an excessive burden on the customer or negatively impacting the NWCF cash balance. Inventory augmentation also permits the Department to capture total ownership costs more effectively since the funds are clearly tied to the support of the new weapon systems rather than being accounted for in the cost of operations. Last year's budget included \$125 million in obligation authority and an additional \$125 million of obligation authority has been included within this year's submission. In addition, \$51 million has also been included as a direct appropriation to pay for the inventory augmentation material that will deliver in FY 2003.

Department of the Navy NWCF activity groups are:

Supply Operations: Provides inventory management functions for shipboard and aviation repairable and consumable items, management of overseas Fleet Industrial Supply Centers and miscellaneous support functions for ashore and Fleet commanders.

Depot Maintenance:

Shipyards: Consists of three active shipyards which perform functions such as logistics support for assigned ships and service craft, authorized work in connection with construction, overhaul, repair, alteration, drydocking and outfitting of ships and craft as assigned, and a variety of other services. Another four shipyards have closed as a result of Base Realignment and Closure Decisions. The Pearl Harbor Naval Shipyard has been permanently converted to a direct mission funded activity and consolidated with the Intermediate Maintenance Facility, following a two-year test period.

Aviation Depots: Consists of three active Naval Aviation Depots (NADEPs), while another three have closed. The active NADEPs perform a host of functions including: repair of aircraft, engines and components; manufacture of specific parts and assemblies; maintenance, engineering and logistics support services for the Fleet; and numerous engineering and technical services.

Marine Corps Depots: Consists of one east coast and one west coast depot facility which perform inspection, repair, rebuild and modification of all types of ground combat and combat support equipment used by the Marine Corps and other DoD services.

Transportation: Military Sealift Command (MSC) operates service-unique Naval Fleet Auxiliary Force (NFAF) vessels, primarily civilian manned, which provide material support to the Fleet,

Special Mission Ships (SMS) which provide unique seagoing platforms and Afloat Prepositioning Force (APF) ships which deploy advance material for strategic lifts. MSC manages these vessels from five area and three sub-area commands around the world.

Research and Development: Consists of the Naval Research Laboratory, the Naval Air Warfare Center, the Naval Surface Warfare Center, the Naval Undersea Warfare Center and the Space and Naval Warfare Systems Centers. These activities perform a wide range of research, development, test, evaluation, and engineering support functions.

Information Services: Data reflects residual transactions only. This group reflects operations of the Fleet Material Support Office (FMSO) and the Naval Reserve Information Systems Office (NAVRISO) in New Orleans, Louisiana through FY 2001 only. The Fleet Material Support Office has been merged with Navy Supply and NAVRISO has been transferred to direct mission funding.

Base Support: Consists of nine Public Works Centers (PWCs) and the Naval Facilities Engineering Service Center (NFESC). The PWCs provide utilities services, facilities maintenance, transportation support, engineering services and shore facilities planning support required by operating forces and other activities. NFESC, located in Port Hueneme, California, provides the Navy with specialized facilities engineering and technology support.

Cost: (Operating)

Total obligations for Supply functions and cost of goods and services sold for industrial functions are as follows:

	(dollars in millions)		
	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Supply - Navy	5,817.9	7,056.9	6,750.3
Supply - Marine Corps	153.9	188.2	154.5
Depot Maintenance - Ships	2,144.7	2,201.5	2,298.3
Depot Maintenance - Aircraft	1,824.8	1,963.6	2,017.3
Depot Maintenance - Marine Corps	190.5	198.9	215.4
Ordnance (residual data)	1.7	-	-
R&D - Air Warfare Center	2,217.3	2,147.6	2,114.6
R&D - Surface Warfare Center	2,914.3	2,611.5	2,703.2
R&D - Undersea Warfare Center	762.4	721.4	720.0
R&D - SPAWAR Systems Center	1,734.2	1,753.5	1,791.1
R&D - Naval Research Laboratory	529.0	553.3	578.3
Transportation - MSC	1,380.0	1,500.4	1,592.2
Information Services (residual data)	88.4	-	-
Base Support - PWC	1,704.2	1,623.8	1,618.7
Base Support - NFESC	85.6	68.1	62.1
Totals	21,548.9	22,588.7	22,616.0

Note: FY 2003 cost estimates include \$373.2 million to reflect the impact of the Administration's proposal to charge agencies the full Government's cost of retirement costs of current Civil Service Retirement System (CSRS) employees and health care costs of all future Federal retirees. These costs but will be funded through a direct appropriation in FY 2003 and are not reflected in proposed customer billing rates.

Net Operating Results:

Revenue, excluding surcharge collections and extraordinary expenses, less the cost of goods and services sold to customers is as follows:

	(dollars in millions)		
	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Supply - Navy	(86.8)	63.9	(64.1)
Supply - Marine Corps	(11.1)	(3.9)	5.3
Depot Maintenance - Ships	(6.5)	(36.5)	25.7
Depot Maintenance - Aircraft	(23.4)	(8.4)	58.1
Depot Maintenance - Marine Corps	19.1	(0.2)	(1.0)
Ordnance (residual data)	0.2	-	-
R&D - Air Warfare Center	(1.1)	(19.1)	35.6
R&D - Surface Warfare Center	16.7	(24.3)	6.3
R&D - Undersea Warfare Center	8.8	(1.9)	3.3
R&D - SPAWAR Systems Center	(3.2)	(15.6)	(15.1)
R&D - Naval Research Laboratory	(14.4)	(6.7)	(4.5)
Transportation - MSC	(34.5)	(61.5)	42.9
Information Services (residual data)	21.3	-	-
Base Support - PWC	(101.2)	(31.7)	44.4
Base Support - NFESC	(3.2)	(1.4)	3.1
Totals	(219.3)	(147.3)	140.0

Accumulated Operating Results (recoverable):

	(dollars in millions)		
	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Supply - Navy	0.2	64.1	-
Supply - Marine Corps	(1.4)	(5.3)	-
Depot Maintenance - Ships	5.4	(25.7)	-
Depot Maintenance - Aircraft	(49.8)	(58.1)	-
Depot Maintenance - Marine Corps	1.1	1.0	-
Ordnance (residual data)	13.5	-	-
R&D - Air Warfare Center	(16.5)	(35.6)	-
R&D - Surface Warfare Center	18.0	(6.3)	-
R&D - Undersea Warfare Center	(1.4)	(3.3)	-
R&D - SPAWAR Systems Center	27.6	15.1	-
R&D - Naval Research Laboratory	16.0	9.3	-
Transportation - MSC	0.6	(60.9)	(18.1)
Information Services (residual data)	2.0	-	-
Base Support - PWC	(12.7)	(44.4)	-
Base Support - NFESC	(1.7)	(3.1)	-
Totals	0.9	(153.2)	(18.1)

Workload:

Workload projections for NWCF activities generally reflect the decline in Navy force structure and attendant support levels as well as those factors unique to each group. The table below displays year-to-year percentage changes in transportation ship days for MSC, changes in program costs for Base Support – PWC and changes in direct labor hours for all other industrial business areas. For supply, workload changes are indicated by gross sales.

	percent change	
	<u>FY 2002</u>	<u>FY 2003</u>
Supply - Navy	0.6%	-8.6%
Supply - Marine Corps	11.0%	3.0%
Depot Maintenance - Ships	2.9%	0.5%
Depot Maintenance - Aircraft	7.7%	-4.8%
Depot Maintenance - Marine Corps	-15.5%	-0.5%
R&D - Air Warfare Center	-2.7%	-0.9%
R&D - Surface Warfare Center	-1.4%	1.1%
R&D - Undersea Warfare Center	-1.8%	0.3%
R&D - SPAWAR Systems Center	2.7%	-1.6%
R&D - Naval Research Laboratory	1.1%	0.3%
Transportation - MSC	6.3%	1.8%
Base Support - PWC	-5.8%	-1.8%
Base Support - NFESC	11.0%	-2.9%

Customer Rate Changes

Composite rate changes previously approved from FY 2001 to FY 2002 and proposed rate changes from FY 2002 to FY 2003 designed to achieve an accumulated operating result of zero at the end of FY 2003 are as follows:

	(percent change)	
	<u>FY 2002</u>	<u>FY 2003</u>
Supply:		
Navy - Aviation Consumables	-11.5%	2.5%
Navy - Shipboard Consumables	-10.9%	10.7%
Navy - Aviation Repairables	-3.8%	9.7%
Navy - Shipboard Repairables	-3.6%	14.6%
Navy - Other	1.5%	1.5%
MARCORPS Repairables	.9%	31.3%
Depot Maintenance - Ships	5.7%	-0.3%
Depot Maintenance – Aircraft:		
Airframes	-2.2%	6.9%
Engines	-1.6%	2.1%
Modifications	-3.6%	7.5%
Product Support/Engineering	-.3%	14.7%
Other	-6.4%	11.6%
Supply Components	-1.9%	4.8%
Other Components	.3%	-9.6%
Depot Maintenance - Marine Corps	7.0%	11.2%
R&D - Air Warfare Center	.5%	4.8%
R&D - Surface Warfare Center	-.4%	4.6%
R&D - Undersea Warfare Center	-.3%	2.7%
R&D – SPAWAR Systems Center	1.6%	2.2%
R&D - Naval Research Laboratory	6.1%	3.4%
Transportation - MSC		
Fleet Auxiliary	4.6%	12.6%
Special Mission Ships	8.4%	-3.4%
Afloat Prepositioning Ships	19.4%	-6.5%
Base Support – PWC:		
East Coast Utilities	2.9%	-2.3%
East Coast – Other	.8%	5.2%
West Coast Utilities	37.3%	4.3%
West Coast - Other	.8%	3.3%
Base Support - NFESC	-2.5%	10.9%

Unit Costs:

Unit Cost is the method established to authorize and control costs. Unit cost goals allow activities to respond to workload changes in execution by encouraging reduced costs when workload declines and allowing appropriate increases in costs when their customers request additional services.

	Unit Cost <u>FY 2002</u>	Unit Cost <u>FY 2003</u>
Supply - Navy (cost per unit of sales):		
Wholesale	1.08	1.06
Retail	1.06	1.03
Supply - Marine Corps (cost per unit of sales):		
Wholesale	1.34	.95
Retail	1.00	1.00
Depot Maintenance-Ships (\$/Direct Labor Hour)	91.49	95.04
Depot Maintenance - Aircraft (\$/Direct Labor Hour)	149.44	159.83
Depot Maintenance - Marine Corps (\$/Dir Labor Hr)	119.39	128.95
R&D-Air Warfare Center (\$/Direct Labor Hour*)	96.4	103.43
R&D-Surface Warfare Center (\$/Direct Labor Hour*)	74.50	80.36
R&D-Undersea Warfare Center (\$/Direct Labor Hour*)	80.48	85.67
R&D-SPAWAR SYSCEN (\$/Direct Labor Hour*)	79.30	86.55
R&D-Naval Research Lab (\$/ Direct Labor Hour*)	97.35	104.03
Transportation – MSC		
NFAF (\$/day)	31,987	34,750
SMS (\$/day)	20,448	21,575
APF (\$/day)	78,173	75,665
Base Support - PWC Cost of services	various	various
Base Support - NFESC (\$/Direct Labor Hour*)	71.70	76.30

* includes direct labor plus overhead costs

Treasury Cash Balance:

	Actual <u>FY 2001</u>	(\$ millions) <u>FY 2002</u>	<u>FY 2003</u>
Beginning Cash Balance	1,473.8	1,204.4	1,051.3
Collections	21,334.0	21,586.9	21,664.4
Disbursements	21,569.0	21,604.5	21,845.6
Transfers	-34.3	-135.5	-133.0
Ending Cash Balance	1,204.4	1,051.3	737.1
Advance Billing Liability	3.1	0.0	0.0

Staffing: Total civilian and military personnel employed at NWCF activities are as follows:

<u>Civilian End Strength</u>	(strength in whole numbers)		
	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Supply - Navy	5,612	6,158	5,676
Supply - Marine Corps	48	48	47
Depot Maintenance - Ships	18,408	19,208	19,143
Depot Maintenance - Aircraft	10,590	10,189	9,863
Depot Maintenance - Marine Corps	1,512	1,379	1,343
R&D - Air Warfare Center	10,709	9,950	9,726
R&D - Surface Warfare Center	16,074	15,533	15,547
R&D - Undersea Warfare Center	4,113	3,902	3,912
R&D - SPAWAR Systems Center	5,618	5,589	5,501
R&D - Naval Research Laboratory	2,653	2,626	2,626
Transportation - MSC	4,347	4,727	4,968
Information Services (residual data)	845	-	-
Base Support - PWC	8,120	6,814	6,177
Base Support - NFESC	339	325	324
Totals	88,988	86,448	84,853

<u>Civilian Workyears</u>	(strength in whole numbers)		
	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Supply - Navy	5,599	6,158	5,676
Supply - Marine Corps	48	48	47
Depot Maintenance - Ships	17,729	18,737	18,917
Depot Maintenance - Aircraft	10,391	10,145	9,859
Depot Maintenance - Marine Corps	1,616	1,410	1,427
R&D - Air Warfare Center	10,571	9,932	9,724
R&D - Surface Warfare Center	15,748	15,465	15,457
R&D - Undersea Warfare Center	3,947	3,893	3,887
R&D - SPAWAR Systems Center	5,664	5,549	5,459
R&D - Naval Research Laboratory	2,573	2,594	2,567
Transportation - MSC	5,649	6,003	6,318
Information Services (residual data)	832	-	-
Base Support - PWC	8,388	6,910	6,310
Base Support - NFESC	329	325	324
Totals	89,084	87,169	85,972

Military End Strength

(strength in whole numbers)

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Supply - Navy	405	430	426
Supply - Marine Corps	-	-	-
Depot Maintenance - Ships	112	140	140
Depot Maintenance - Aircraft	94	120	120
Depot Maintenance - Marine Corps	12	12	12
R&D - Air Warfare Center	228	223	196
R&D - Surface Warfare Center	246	333	335
R&D - Undersea Warfare Center	28	51	51
R&D - SPAWAR Systems Center	82	111	111
R&D - Naval Research Laboratory	73	83	83
Transportation - MSC	950	569	599
Information Services (residual data)	17	-	-
Base Support - PWC	112	104	105
Base Support - NFESC	3	3	3
Totals	2,362	2,179	2,181

Military Workyears

(strength in whole numbers)

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Supply - Navy	426	428	428
Supply - Marine Corps	-	-	-
Depot Maintenance - Ships	112	136	132
Depot Maintenance - Aircraft	99	119	120
Depot Maintenance - Marine Corps	13	12	12
R&D - Air Warfare Center	208	174	160
R&D - Surface Warfare Center	241	299	303
R&D - Undersea Warfare Center	30	34	34
R&D - SPAWAR Systems Center	89	94	94
R&D - Naval Research Laboratory	78	77	77
Transportation - MSC	967	725	599
Information Services (residual data)	15	-	-
Base Support - PWC	105	104	105
Base Support - NFESC	3	3	3
Totals	2,386	2,205	2,067

Capital Purchase Program:

	(dollars in millions)		
	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Supply - Navy	47.3	82.0	52.2
Supply - Marine Corps	-	-	-
Depot Maintenance - Ships	59.0	113.1	42.0
Depot Maintenance - Aircraft	49.6	51.3	47.5
Depot Maintenance - Marine Corps	1.4	5.0	2.9
R&D - Air Warfare Center	41.6	37.7	34.5
R&D - Surface Warfare Center	33.1	32.4	32.4
R&D - Undersea Warfare Center	19.4	20.0	21.0
R&D - SPAWAR Systems Center	17.5	9.6	10.7
R&D - Naval Research Laboratory	17.8	17.3	17.3
Transportation - MSC	7.3	10.0	13.6
Information Services (residual data)	0.5	-	-
Base Support - PWC	17.9	18.0	18.5
Base Support - NFESC	-	0.1	-
Totals	312.4	396.5	292.6

The above capital investment program by major category is as follows:

Equipment (Non-ADPE/Telecom)	100.3	107.0	101.5
ADPE and Telecommunications Equip	47.7	59.5	53.7
Software Development	137.1	200.5	105.9
Minor Construction	<u>27.3</u>	<u>29.4</u>	<u>31.5</u>
Totals	312.4	396.4	292.6

Naval Shipyards

**FY 2003 President's Budget
Department of the Navy
Navy Working Capital Fund
Depot Maintenance – Naval Shipyards**

ACTIVITY GROUP FUNCTION:

Naval Shipyards provide logistics support for assigned ships and service craft; perform authorized work in connection with construction, overhaul, repair, alteration, drydocking and outfitting of ships and craft as assigned; perform design, manufacturing, refit and restoration, research, development and test work, and provide services and material to other activities and units as directed by competent authority.

ACTIVITY GROUP COMPOSITION:

This budget reflects three naval shipyards operating under the Navy Working Capital Fund (NWCF) in FY 2002 and FY 2003. The Pearl Harbor Pilot, combined the Shipyard with the CINCPACFLT Intermediate Maintenance Facility and removed the Shipyard from the NWCF in FY99; the residual NWCF costs are reflected in this submission for FY 2001. These activities and their locations are:

Portsmouth Naval Shipyard	Kittery, ME
Norfolk Naval Shipyard	Portsmouth, VA
Puget Sound Naval Shipyard	Bremerton, WA
Pearl Harbor Naval Shipyard	Pearl Harbor, HI

OVERVIEW FOR NAVAL SHIPYARDS:

The naval shipyards demonstrate a strong commitment to productivity improvement and cost. On October 1, 1998 the Pearl Harbor Naval Shipyard ceased operation as a Naval Sea Systems Command (NAVSEA) NWCF activity and began operation as a Commander-in-Chief of the Pacific Fleet (PACFLT) mission funded activity. FY 2001 residual costs of \$5.9 million for Pearl Harbor are included in the figures shown in this submission

Financial Profile:

	(\$ Millions)		
	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Revenue	2,138.1	2,230.3	2,282.3
Cost of Goods Sold	2,144.7	2,201.9	2,298.6
Operating Results	-6.5	28.8	-16.0
Surcharges and other adjustments to NOR	0.0	-65.3	-7.1
Direct Appropriation to fund FEHB/CSRS retirement accrual			48.8
Net Operating Result (NOR)	-6.5	-36.5	25.7
Accumulated Operating Results (AOR)	5.4	-25.7	0

The changes for the costs of goods sold each year is in line with the changes in workload and also reflects efforts to improve work processes to accomplish planned levels of performance

and productivity. FY 2001, FY 2002 and FY 2003 NOR budget estimates include an AOR recoupment surcharge in FY 2001, FY 2002 and FY 2003 and an a Capital Purchase Program surcharge in FY 2002.

Budgeting and Managing for Results: Full Funding of Retiree Costs

To improve the accounting for and make the cost of government programs more visible to the American people, the Administration is proposing to align the full annual budgetary costs of resources used by programs with the budget accounts that fund the programs. To that end, the budget includes a request for a direct appropriation of \$373.2 million for the Navy Working Capital Fund (of which 48.8 million is for Naval Shipyards), to fund the full accruing cost of the Civil Service Retirement System and health benefits for retired civilian employees in the Federal Employee Health Benefit Program. Beginning with the FY 2004 Budget, these costs will be built-into the rates charged to Navy Working Capital Fund customers. This proposal does not increase the total costs to the Federal government, since these costs were previously funded from a central account.

Fair Labor Special Act (FLSA)

A supplemental to the Global Memorandum of Understanding (MOU) of 6 December 1995 concerning Shipyard FLSA grievances and litigation has been approved by NAVSEA and the International Federation of Professional and Technical Engineers (IFPTE). This supplemental changes the categorization of the number of positions (engineers, technicians, and scientists) from exempt to non-exempt and increases the cost of direct overtime starting in FY 2002.

OPERATING RESULTS

FY 2001 Operating Results are \$3.7 million above the President's Budget. The gain is primarily the result of increased workload and fixed price gains. Those gains were somewhat offset by increased direct labor costs and overhead investments needed to support increased workload.

The projected FY 2002 gain of \$28.8 million is \$20.2 million below the FY 2002 Presidents Budget and is primarily attributable to increased utility rates, FECA, and the new Transportation Subsidy program

	<u>FY 2001 Actual</u>	<u>FY 2002</u>	<u>FY 2003</u>
<u>Workload:</u>			
Direct Labor Hours	23,392,747	24,066,852	24,185,869

Workload changes are consistent with fleet requirements and also reflect shipyard process improvements. The FY 2002 workload estimate is 4.9 percent above the President's Budget with slight additional growth in FY 2003. Not only is our workload increasing, the mix of our work is becoming more complex. Our submarine and carrier workload from CNO scheduled availabilities is increasing significantly. Most of our workload is submarine and carrier work that is highly complex and requires skilled resources be available to accomplish the work efficiently. In order to have a skilled workforce ready to accomplish that workload the shipyards are making the appropriate investments in personnel hiring and training.

Performance Indicators

<u>Unit Costs:</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Shipyards	\$92.68	\$91.49	\$95.04

<u>Customer Rate Change</u>	<u>FY 2002</u>	<u>FY 2003</u>
	5.7%	-0.3%

The negative rate change between FY 2002 and FY 2003 reflects the absence of a capital purchase surcharge in FY 2003.

<u>Staffing:</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Civilian End Strength	18,408	19,208	19,143
Civilian Work Years-ST	17,729	18,737	18,917
Military End Strength	112	140	140
Military Work Years	112	136	132

Civilian end strength and workyear estimates are matched to workload and reflect continued streamlining of shipyard processes and increased productivity. We are executing a significant hiring plan and budgeting lower overtime. This will help to revitalize our aging workforce, and to ensure that we have the right number of employees with the right skills to be successful in completing the highly technical upcoming workload within condensed timeframes. Hiring and training increased numbers of engineers and artisans is reflected in FY 2002 and FY 2003 budget estimates. FY 2002 civilian end strength increases about 772 people above FY 2001.

Cash Outlays

	(Dollars in Millions)		
Current Estimate	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Collections	2,188	2,230	2,327
Disbursements	2,255	2,230	2,330
Net Outlays	67	0	3

FY 2001 net outlays of \$67 million reflect the closed yard's net outlays of \$24 million, payment of Pearl Harbor leave liability of \$14 million, CPP outlays and a loss of revenue due to the events of September 11. FY 2002 and FY 2003 net outlays are projected to remain level.

Capital Budget Authority

	(Dollars in Millions)		
	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Equipment-Non-ADPE/TELECOM	27.8	34.2	32.4
ADPE/Telecommunications Equip	4.3	11.3	3.6
Software Development	26.1	64.8	1.4
Minor Construction	<u>.8</u>	<u>2.8</u>	<u>4.6</u>
TOTAL	59.0	113.1	42.0

The Capital Budget Authority reflects the financing of essential fleet support equipment and other capital improvements critical to sustaining shipyard operations, improving productivity, meeting health, safety and environmental requirements and lowering production costs.

Included in the Capital Purchases Program (CPP) budget is the Navy Enterprise Maintenance AIS (NEMAIS) which is one of four Navy recognized Enterprise Resource Planning (ERP) efforts. NAVSEA is managing this Regional Maintenance ERP program. It is intended that the ERP software selected be capable of expansion for use at all Navy ship maintenance activities.

All included Capital Purchases Program projects are considered to be essential and necessary in support of the Naval Shipyard's mission to provide maintenance, modernization, inactivation, disposal, and emergency repair of Naval ships. The budget is consistent with the Total Ownership Cost Goal of the Naval Shipyard's Strategic Plan to size and maintain facilities and equipment to meet the changing needs of customers and general business environment.

Strategic Sourcing and Other Economies and Efficiencies:

This submission includes substantial savings resulting from efficiencies. Continuous efforts are underway to improve and streamline work processes in order to accomplish the planned levels of performance and productivity. The Strategic Sourcing Program continues to review processes and functions to provide cost efficiencies in the Naval Shipyards. The program is divided into three parts: (1) A-76 studies under the Commercial Activities Program; (2) Functional Assessment using business process reengineering (BPR) techniques; and (3) initiatives to reduce contract or other non-labor costs.

CARRYOVER RECONCILIATION

Carryover is the dollar value of work that is underway but not yet completed by working capital fund activities at the end of the fiscal year. The following table reconciles Naval Shipyard's gross carryover estimates with net carryover estimates.

	(Dollars in Millions)		
	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Gross Carryover	\$714.3	\$514.8	\$850.0
Less Work in Process	\$74.2	\$74.2	\$74.2
Less Foreign Military Sales	\$3.8	\$3.7	\$3.7
Less BRAC	\$7.5	\$7.5	\$7.5
Less Other Federal Sources	\$0.7	\$1.7	\$1.3
Less Non-Federal Sources	\$13.4	\$11.0	\$10.9
Less Contractual Liabilities	\$180.6	\$125.4	\$163.1
Net Carryover	\$434.2	\$291.3	\$589.3
<u>Months</u>	<u>2.4</u>	<u>1.5</u>	<u>3.1</u>

INDUSTRIAL BUDGET INFORMATION SYSTEM
REVENUE and EXPENSES
AMOUNT IN MILLIONS
SHIPYARD / TOTAL

(NIFRPT)

PAGE 1

	FY 2001 CON	FY 2002 CON	FY 2003 CON
Revenue:			
Gross Sales			
Operations	2,102.8	2,126.4	2,233.9
Surcharges	.0	60.0	7.1
Depreciation excluding Major Constructio	35.3	43.9	41.2
Other Income			
Total Income	2,138.1	2,230.3	2,282.3
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	11.4	11.8	11.4
Civilian Personnel	1,242.3	1,327.9	1,423.0
Travel and Transportation of Personnel	21.1	35.5	32.0
Material & Supplies (Internal Operations	203.1	257.6	275.4
Equipment	14.3	17.0	16.0
Other Purchases from NWCF	19.1	34.5	36.9
Transportation of Things	6.4	7.2	7.3
Depreciation - Capital	35.3	43.9	41.2
Printing and Reproduction	2.2	2.0	2.0
Advisory and Assistance Services	.0	1.4	1.4
Rent, Communication & Utilities	55.2	52.5	53.7
Other Purchased Services	557.7	410.5	398.4
Total Expenses	2,168.1	2,201.9	2,298.6
Work in Process Adjustment	-17.5	.0	.0
Comp Work for Activity Reten Adjustment	-6.0	-.4	-.4
Cost of Goods Sold	2,144.7	2,201.5	2,298.3
Operating Result	-6.5	28.8	-16.0
Less Surcharges	.0	-60.0	-7.1
Plus Appropriations Affecting NOR/AOR	.0	.0	48.8
Other Changes Affecting NOR/AOR	.0	-5.3	.0
Extraordinary Expenses Unmatched	.0	.0	.0
Net Operating Result	-6.5	-36.5	25.7
Other Changes Affecting AOR	-3.1	5.4	.0
Accumulated Operating Result	5.4	-25.7	.0

INDUSTRIAL BUDGET INFORMATION SYSTEM
SHIPYARD / TOTAL
SOURCE of REVENUE
AMOUNT IN MILLIONS

PAGE: 1

	FY 2001 CON -----	FY 2002 CON -----	FY 2003 CON -----
1. New Orders	1,966	2,038	2,623
a. Orders from DoD Components	1,834	1,955	2,551
Department of the Navy	1,820	1,946	2,546
O & M, Navy	1,338	1,331	1,659
O & M, Marine Corps	0	0	0
O & M, Navy Reserve	1	1	2
O & M, Marine Corp Reserve	0	0	0
Aircraft Procurement, Navy	2	3	1
Weapons Procurement, Navy	0	0	0
Ammunition Procurement, Navy/MC	0	0	0
Shipbuilding & Conversion, Navy	164	370	698
Other Procurement, Navy	254	201	162
Procurement, Marine Corps	0	0	0
Family Housing, Navy/MC	0	0	0
Research, Dev., Test, & Eval., Navy	57	41	27
Military Construction, Navy	0	0	0
Other Navy Appropriations	0	3	1
Other Marine Corps Appropriations	0	0	0
Department of the Army	3	2	0
Army Operation & Maintenance	0	0	0
Army Res, Dev, Test, Eval	0	0	0
Army Procurement	0	0	0
Army Other	3	2	0
Department of the Air Force	1	0	0
Air Force Operation & Maintenance	1	0	0
Air Force Res, Dev, Test, Eval	0	0	0
Air Force Procurement	0	0	0
Air Force Other	0	0	0
DOD Appropriation Accounts	9	6	4
Base Closure & Realignment	0	0	0
Operation & Maintenance Accounts	4	2	0
Res, Dev, Test & Eval Accounts	0	2	2
Procurement Accounts	1	0	0
DOD Other	1	1	0
b. Orders from other WCF Activity Groups	117	65	60
c. Total DoD	1,952	2,020	2,611
d. Other Orders	13	10	5
Other Federal Agencies	2	1	1
Foreign Military Sales	0	0	0
Non Federal Agencies	11	8	4
2. Carry-In Orders	886	718	518
3. Total Gross Orders	2,852	2,749	3,136
a. Funded Carry-Over	718	518	853
b. Total Gross Sales	2,134	2,230	2,282
4. Revenue (-)	-2,138	-2,230	-2,282
5. End of Year Work-In-Process (-)	-74	-74	-74
6. Direct Contract Obligations(-)	-180	-125	-163
7. Non-DoD, BRAC, FMS, DWCF Orders (-)	-25	-23	-23
8. Net Funded Carryover	434	291	589
9. Months of Carryover	2.4	1.5	3.0

Exhibit Fund-11

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
DEPOT MAINTENANCE - NAVAL SHIPYARDS
FY 2003 PRESIDENT'S BUDGET**

**SUMMARY OF CHANGES IN OPERATIONS
FUND 2
(Dollars in Thousands)**

	EXPENSE
FY 2002 PRESIDENT'S BUDGET	\$2,238,431
PRODUCTIVITY INITIATIVES	\$0
PRICING ADJUSTMENTS	\$8,478
a. Pay raises (from 3.6% to 4.6%)	\$8,478
3. PROGRAM CHANGES	(\$74,708)
a. Workload Changes	(\$74,708)
1. Direct Workyears	\$43,018
2. Direct Non-labor	(\$117,726)
3. Overhead Workyears	\$0
b. Other Overhead	\$0
4. OTHER CHANGES	\$29,653
a. Change in Average Salary	\$6,309
b. Increase in Utilities	\$10,519
d. Transportation Incentive Program	\$1,679
e. Change in FECA Costs	\$967
f. Fair Labor Standards Act (FLSA)	\$10,179
5. FY02 CURRENT ESTIMATE	\$2,201,854

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
DEPOT MAINTENANCE - NAVAL SHIPYARDS
FY 2003 PRESIDENT'S BUDGET**

**SUMMARY OF CHANGES IN OPERATIONS
FUND 2
(Dollars in Thousands)**

	EXPENSE
6. FY02 CURRENT ESTIMATE	\$2,201,854
7. PRICING ADJUSTMENTS	\$101,387
a. Pay Raise	
1. FY 03 Pay Raise	\$22,121
2. Annualization	\$14,004
b. CSRS and FEHB Retirement Accrual	\$48,804
c. Material & Supplies Purchases	\$8,727
d. Intrafund Purchases	\$858
e. General Inflation	\$6,458
f. Military Pay Raise	\$415
8. PRODUCTIVITY INITIATIVES	(\$9,878)
9. PROGRAM CHANGES	\$5,265
a. Workload Changes	\$5,265
1. Direct Workyears	\$3,220
2. Direct Non-labor	\$2,045
3. Overhead Workyears	\$0
b. Other Overhead	\$0
10. FY03 CURRENT ESTIMATE	\$2,298,628

Business Area: Capital Budget Summary
Component: NAVAL SHIPYARDS
Business Area: DEPOT MAINTENANCE - SHIPYARDS
FY2003 PRESIDENT'S BUDGET - FEBRUARY 2002
(\$ in Millions)

Line Num	Description	FY 2001		FY 2002		FY 2003			
		Qty	Total Cost	Qty	Total Cost	Qty	Total Cost		
	Non ADP								
1	60 TON PORTAL CRANE #36					1	8.600		
2	CRANE, PORTAL, 60 TON (REPLACE #76)	1	8.400						
3	60 TON PORTAL CRANE #34			1	8.000				
4	60 TON PORTAL CRANE #35			1	8.000				
5	NFPC, HIGH SPEED PROPELLER PROFILER					1	6.000		
6	CVN CAMELS	2	3.822						
7	NEW FUEL INSPECTION AND STORAGE ENCLOSURE	1	2.800						
8	PIER RAMPS FOR CVN/LHD/LHA	3	0.150			3	1.710		
9	PRWC TANK, 7,000 GALLON	2	0.070	2	1.580				
10	CNC DRILLING/MILLING CENTER (8 FT X 33 FT)	1	0.040			1	1.600		
11	NFPC, 5-AXIS MACHINING CENTER			1	1.500				
12	ABRASIVE TUMBLER BLASTER	1	1.400						
13	NFPC, ELECT OVHL OF 30' PROPELLER PROFILER (SU-9)	1	1.400						
14	DRYDOCK WATER PROCESSING SYSTEM			6	1.248				

Business Area: Capital Budget Summary
Component: NAVAL SHIPYARDS
Business Area: DEPOT MAINTENANCE - SHIPYARDS
FY2003 PRESIDENT'S BUDGET - FEBRUARY 2002
(\$ in Millions)

Line Num	Description	FY 2001		FY 2002		FY 2003			
		Qty	Total Cost	Qty	Total Cost	Qty	Total Cost		
15	UPGRADE ESAB CNC CUTTING CENTER					1	1.145		
16	HEAD REFURBISHMENT ENCLOSURE	1	0.161	1	0.888				
17	Miscellaneous (Non ADP < \$1000K; >= \$500K)		3.549		6.188		7.198		
18	Miscellaneous (Non ADP < \$500K)		6.036		6.760		6.186		
	Non ADP Total:		27.828		34.164		32.439		
	ADP								
19	NSY SERVER REPLACEMENT			1	3.850	1	3.600		
20	ENTERPRISE RESOURCE PLANNING	1	0.425	1	6.000				
21	NSY COMPUTER REPLACEMENT	1	3.825						
22	Miscellaneous (ADP < \$1000K; >= \$500K)				0.886				
23	Miscellaneous (ADP < \$500K)				0.605				
	ADP Total:		4.250		11.341		3.600		
	Software								
24	ENTERPRISE RESOURCE PLANNING	1	16.999	1	61.100				
25	DEPOT MAINTENANCE STD SYSTEM	1	9.094	1	3.720				

Business Area: Capital Budget Summary
Component: NAVAL SHIPYARDS
Business Area: DEPOT MAINTENANCE - SHIPYARDS
FY2003 PRESIDENT'S BUDGET - FEBRUARY 2002
(\$ in Millions)

Line Num	Description	FY 2001		FY 2002		FY 2003			
		Qty	Total Cost	Qty	Total Cost	Qty	Total Cost		
27	NSY SHIP MAINTENANCE CORPORATE SW DEVELOPMENT					1	1.400		
	Software Total:		26.093		64.820		1.400		
	Minor Construction								
28	Miscellaneous (Minor Construction < \$1000K; >= \$500K)		0.075		0.145		1.400		
29	Miscellaneous (Minor Construction < \$500K)		0.753		2.630		3.161		
	Minor Construction Total:		0.828		2.775		4.561		
	Grand Total:		58.999		113.100		42.000		

(Dollars in Thousands)							A. Budget Submission FY 2003 - PRESIDENT'S BUDGET - FEBRUARY 2002					
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS				C. Line# and Description 1/60 TON PORTAL CRANE #36(Replacement)			D. Site Identification PNSY Portsmouth, NH					
	FY 2001			FY 2002			FY 2003					
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
Non ADP							1	8600	8600			
Narrative Justification:												
<p>Description</p> <p>This project will provide a new 60-ton portal crane to replace a portal crane that is 51 years old in 2005 and requires repair/upgrading of obsolete equipment. This will significantly enhance the Shipyard's ability to meet portal crane operation requirements in support of Depot Modernization Period (DMP) and Engineered Overhaul (EOH) of SSN 688 class submarines, while reducing equipment maintenance costs.</p> <p>Justification</p> <p>The Shipyard's workload forecast indicates that DMPs and EOHs will still be the major workload at the docks and berths that this crane will support. These docks may support or other workload, as assigned. Additionally, this crane will support work along berths that will support submarines that are undergoing Engineering Refueling Overhaul (ERO) but are docked in a drydock not supported by this crane. Safe and reliable portal cranes are imperative in the execution of this work, which includes movement of large, one-of-a-kind submarine components. The crane to be replaced is a 56-Ton, Star Iron, portal crane (USN 042829) manufactured in 1954. Due to its age, worn condition, obsolete and unreliable components, this crane offers limited support to the Shipyard's main objectives. This results in delays and lost production time, waiting for repair of a downed crane. The crane would also need significant and expensive upgrades to install special safety equipment desired by NAVSEA. This safety equipment is already designed in to the proposed replacement crane.</p> <p>Impact</p> <p>Delay in funding for this project will result in the existing crane being either taken out of service for an extended upgrading period or possibly removed from service permanently due to reliability and environmental concerns. In either case, the Shipyard's mission will be adversely impacted with increased costs due to production delays for lack of strategic equipment.</p>												

(Dollars in Thousands)							A. Budget Submission FY 2003 - PRESIDENT'S BUDGET - FEBRUARY 2002					
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS				C. Line# and Description 3/60 TON PORTAL CRANE #34(Replacement)			D. Site Identification PNSY Portsmouth, NH					
	FY 2001			FY 2002			FY 2003					
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
Non ADP				1	8000	8000						
Narrative Justification:												
<p>Description</p> <p>This project will provide a new 60-ton portal crane to replace two portal cranes which are 58 years old and require repair/upgrading of obsolete equipment. This will significantly enhance the Shipyard's ability to meet portal crane operation requirements in support of Depot modernization Period(DMP)and Engineering Overhaul (EOH) of submarines, while reducing equipment maintenance costs.</p> <p>Justification</p> <p>The Shipyard's workload forecast indicates the DMP and EOH programs will be a major portion of work in the foreseeable future. Safe and reliable portal cranes are imperative in the execution of this work, which includes movement of massive, one-of-a-kind submarine components. The cranes to be replaced are 25-Ton, Brownhoist, portal cranes manufactured in 1942 (USN 400375 & 400383. Due to their age, worn condition, obsolete and unreliable components, these cranes offer limited support to the Shipyard's main objectives. This results in delays and lost production time, waiting for repair of a downed crane. Also, these cranes run on 15' gauge rail. The new cranes and the other cranes currently in use at this circuit run on 20' gauge rail. Upon replacement of these cranes, the 15' gauge rail need not be maintained and is scheduled to be removed. Two options have been investigated and individual cost benefits have been weighed: 1: Upgrade of obsolete components and replacement of worn compoonents to improve the reliability of two existing cranes. Keep existing cranes in service. 2: Replace cranes with one new 60 Ton crane. The second option is the most cost effective.</p> <p>Impact</p> <p>Delay in funding for this project will result in the existing cranes being either taken out of service for an extended upgrade period or possibly removed from service permanently due to reliability concerns. In either case, the shipyard's mission will be adversey impacted with increased costs due to production delays for lack of strategic equipment.</p>												

(Dollars in Thousands)							A. Budget Submission FY 2003 - PRESIDENT'S BUDGET - FEBRUARY 2002					
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS				C. Line# and Description 4/60 TON PORTAL CRANE #35(Replacement)			D. Site Identification PNSY Portsmouth, NH					
		FY 2001		FY 2002			FY 2003					
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
Non ADP				1	8000	8000						
Narrative Justification:												
<p>Description</p> <p>This project will provide a new 60-ton portal crane to replace a portal crane that is 42 years old and requires repair/upgrading of obsolete equipment. This will significantly enhance the Shipyard's ability to meet portal crane operation requirements in support of Depot Modernization Period (DMP) and Engineering Overhaul (EOH) of submarines, while reducing equipment maintenance costs.</p> <p>Justification</p> <p>The Shipyard's workload forecast indicates that the DMP and EOH programs will be a major portion of work in the foreseeable future. Safe and reliable portal cranes are imperative in the execution of this work, which includes movement of massive, one-of-a-kind submarine components.</p> <p>The crane to be replaced is a 56-Ton, Star Iron, portal crane manufactured in 1958 (USN 042839). Due to its age, worn condition, obsolete and unreliable components, this crane offers limited support to the Shipyard's main objectives. This results in delays and lost production time, waiting for repair of a downed crane. Two options have been investigated and individual cost benefits have been weighed. 1: Upgrade obsolete components and replacement of worn components to improve the reliability of the existing crane. Keep existing crane in service. 2: Replace crane with a new 60-Ton crane, which proves to be most cost effective.</p> <p>Impact</p> <p>Delay in funding for this project will result in the existing crane being either taken out of service for an extended upgrading period or possibly removed from service permanently due to reliability and environmental concerns. In either case, the shipyard's mission will be adversely impacted with increased costs due to production delays for lack of strategic equipment.</p>												

(Dollars in Thousands)							A. Budget Submission FY 2003 - PRESIDENT'S BUDGET - FEBRUARY 2002					
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS				C. Line# and Description 5/NFPC, HIGH SPEED PROPELLER PROFILER(Productivity)			D. Site Identification NFPC Norfolk Det, Philadelphia, PA					
	FY 2001			FY 2002			FY 2003					
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
Non ADP							1	5000	6000			
Narrative Justification:												
<p>Description</p> <p>The high speed profiler is a 5 axis CNC milling machine with a large 24' "C" axis table and a setup station covered by the "X" axes travel of the machine. A 100 horsepower (HP) motor is mounted on a sliding saddle that form the "Y" and "Z" axes. A rotating turret type head contains the spindle that moves in "A" and a redundant "C" axes. The machine is capable of automatic spindle and tool changes and has 600 inches per minute (IPM) of transitional speeds and 16,000 revolutions per minute (RPM) spindle rotation speed.</p> <p>Justification</p> <p>Navy Foundry and Propeller Center (NFPC) requires a high speed profiler in order to reduce the overall cost to the program by reducing the machining time (50-90%) thereby improving delivery of the VIRGINIA class propulsor. Existing profilers are very slow machines capable of at best 1 inch per 3 minutes metal removing rate. The NAVSEA sponsored propulsor affordability Manufacturing Technology (MT) project has as one of its main objectives, the technology transfer to NFPC of high speed machining data obtained from National Institute of Standards and Technology (NIST) and Lockheed Martin (LMES). The project has as of this date proven the feasibility of contour milling Nickel Aluminium Bronze (NAB) alloys at 14,000 RPM and 600 IPM during tests at NIST. The proposed machine will be able to employ all the parameters that are and will be developed during the first two phases of the project and will allow NFPC to reduce costs and deliver propulsors in less time. Estimated annual savings of \$1,180,000 and a payback of 5.5 years.</p> <p>Impact</p> <p>NFPC's is the only manufacturer of submarine propulsors. The existing machining assets are old and are going through a retrofit program that aims to maintain the existing capability. Without improvements in NFPC's core capability coupled with stringent tolerances on VIRGINIA blades will seriously degrade our ability to provide propulsors within costs and on time. This machine is essential to NFPC's mission.</p>												

(Dollars in Thousands)							A. Budget Submission FY 2003 - PRESIDENT'S BUDGET - FEBRUARY 2002					
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS				C. Line# and Description 8/PIER RAMPS FOR CVN/LHD/LHA(Productivity)			D. Site Identification NNSY Portsmouth, VA					
	FY 2001			FY 2002			FY 2003					
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
Non ADP	3	0	150				3	550	1710			

Narrative Justification:

Description
All-terrain forklife ramp access to the hanger-bay of CVN's/LHD's/LHA's while pierside or in dock. Three complete ramps consisting of ramp sections, tower sections, bridge sections, and transition sections are to be designed and fabricated. Ramps will have an 18' width, 20 degree slope, 25' height, 65' length, 37' bridge, and a 10' transition section. All sections will have a capacity of 80,000 lbs. liveload for a 10,000 lbs. capacity all-terrain forklift.

Justification
Currently, any material that cannot be hand carried because of its size or weight is moved by crane. Millions of dollars are being spent on the labor necessary to make crane lifts of forkliftable items from ships at NNSY. The use of ramps will allow the mechanic to move material himself without the use of a crane. This project is projected to save \$1,052,990 annually for the next six to ten years. The calculated net prevent value of this project is \$6,680,691 with a return on investment of 45.9% and apayback of 1.9 years.

Impact
Without ramps, production schedules will continue to be affected by wind, weather, and the speed of the crane. The use of a ramp to mobilize the transfer of material significanlty reduces the manpower, preparation, and turn-around time presently required in making crane lifts. A ramp enables material to be moved with greater safety and higher productivity, helping to meet our basic mission function and ship's schedule.

(Dollars in Thousands)							A. Budget Submission FY 2003 - PRESIDENT'S BUDGET - FEBRUARY 2002					
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS				C. Line# and Description 9/PRWC TANK, 7,000 GALLON(Replacement)			D. Site Identification PSNSY Bremerton, WA					
	FY 2001			FY 2002			FY 2003					
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
Non ADP	2	0	70	2	655	1580						

Narrative Justification:

Description
This project procures two 7,000 gallon Portable Radioactive Waste Collection (PRWC) tanks, procures two flatbed trailers for tank transport, and disposes of six old PRWC tanks of various sizes.

Justification
The two 7,000 gallon PRWC tanks are required to replace three 5,000 gallon PRWC tanks which were fabricated in 1973. The old tanks are in need of frame refurbishment, and are not designed to allow cleaning and inspection of tank internals from the tank exterior. The three remaining tanks were used to store primary shield water (PSW) and are no longer required since the shipyard does not store PSW for reuse. The shipyard must dispose of these tanks to minimize the amount of solid radioactive waste stored in the shipyard. The new 7,000 gallon PRWC tanks will be designed to eliminate the need for workers to enter the tank for routine triennial cleaning and inspection. This will reduce the potential for personnel contamination and spreading contamination outside the tanks. Also, personnel will not have to enter a potential high airborne contamination area or wear air fed hoods. The two flatbed trailers will be dedicated to transport PRWC tanks and will be sized to fit in the Tank Receiving Area, which is too short for the existing four nuclear certified trailers at the Shipyard. The economic analysis projects a one time cost avoidance of \$45,713 and annual savings of \$29,626.

Impact
This project is considered mandatory to comply with NAVSEA Radiological Control requirements.

(Dollars in Thousands)							A. Budget Submission FY 2003 - PRESIDENT'S BUDGET - FEBRUARY 2002					
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS				C. Line# and Description 10/CNC DRILLING/MILLING CENTER (8 FT X 33 FT)(Replacement)			D. Site Identification PSNSY Bremerton, WA					
	FY 2001			FY 2002			FY 2003					
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
Non ADP	1	0	40				1	1000	1600			
Narrative Justification:												
<p>Description This project purchases one new computer numerically controlled (CNC) Gantry Mounted Drilling/Milling Machine Center (QuickMill Model 96-395-42 or equal) to replace six (6) existing machines. (Three Drill Presses, NID # 046914, 027377, & 100015, and three Radial Drills, NID # 000003, 000866 & 000867.)</p> <p>Justification The existing Drill Presses have exceeded their service life by 25 years (250%). The existing Radial Drills have exceeded their service life by 37 years (370%). All six machines are worn-out, slow and labor intensive to operate, have high maintenance costs, and frequently break causing work stoppage and lost productivity. The small tables and limited capacity of the existing six machines mandates a plate drilling process with extensive material handling and setup and operating time, especially in the frequent situation where the plate has to be cut and handled multiple times. Replacing these six drills with one modern CNC Drilling/Milling Center with rapid, universal setup, quick operating times, and which can accommodate full size (8' X 33') plate, will reduce the cost of the plate drilling/milling process and associated cutting, handling, and material costs by \$383,471 or more annually. The payback period will be 4.73 years. Other benefits of the new machine will include significantly improved safety, and thousands of square feet of space gained for better use by the Shop upon removing the six old drills.</p> <p>Impact Delay in funding this project will necessitate continued use of the six old, worn-out, unreliable drills whose inefficiencies, failures (and resultant work stoppages) cost hundreds of manhours annually in lost productive time. Additionally, removing the six old drills will make space available in the building for other more productive uses. The opportunity to reap \$383K in annual savings will be missed.</p>												

(Dollars in Thousands)							A. Budget Submission FY 2003 - PRESIDENT'S BUDGET - FEBRUARY 2002					
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS				C. Line# and Description 11/NFPC, 5-AXIS MACHINING CENTER(Productivity)			D. Site Identification NFPC Norfolk Det, Philadelphia, PA					
		FY 2001		FY 2002			FY 2003					
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
Non ADP				1	1300	1500						
Narrative Justification:												
<p>Description</p> <p>The proposed 5-axis machining center is a high speed vertical spindle traveling column with a fixed table. The spindle head is a two axis turret type head with a 40 Horsepower (HP) spindle rotating at 16,000 revolutions per minute (RPM). The linear axes have 600 inches per minute (IPM) speeds and the machine is controlled by a high performance computer numerically controlled (CNC) controller with over a hundred block look ahead capability and other features that will optimize the machine for the high speed environment.</p> <p>Justification</p> <p>Navy Foundry and Propeller Center (NFPC) requires a small high speed machining center to machine VIRGINIA class propulsor components. Presently, the center uses one dual spindle profiler for this work. With the projected workload and the large number of these components, NFPC will not be able to deliver these critical components to the submarine fleet on time and within cost. The proposed machine with its high speed capability and accuracy will double NFPC's production rate and produce higher quality components faster with reduced final finishing work. Estimated annual savings of \$310,926 and a payback of 5.23 years.</p> <p>Impact</p> <p>NFPC's is the only manufacturer of submarine propulsors. Because of work envelope constraints, the only dedicated 5-axis machine to the production of VIRGINIA class propulsor components will not be able to meet demand from the projected workload. If the existing assets are not augmented with machines capable of higher production rates, it would seriously impact the VIRGINIA class proposed schedules.</p>												

							A. Budget Submission					
(Dollars in Thousands)							FY 2003 - PRESIDENT'S BUDGET - FEBRUARY 2002					
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS				C. Line# and Description 14/DRYDOCK WATER PROCESSING SYSTEM(Environmental)			D. Site Identification NNSY Portsmouth, VA					
	FY 2001			FY 2002			FY 2003					
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
Non ADP				6	208	1248						
Narrative Justification:												
<p>Description</p> <p>The new systems will consist of a 6" and a 4" centrifugal pump constructed of a hard stainless steel alloy. The system will also have a 6" and a 4" cyclone separator, also made out of stainless steel. The pumps and separator along with the associated piping and valves will be mounted on a 8' X 16' skid that can be lifted by crane or forklift. The system will be designed to operate if one of the pumps or separators needs to be taken off line for repair, it can be by passed and the system can still be used.</p> <p>Justification</p> <p>Water discharges from drydocks must meet water quality standards for dissolved metals and other industrial pollutants specified by the State of Virginia in the shipyard's Virginia Pollution Discharge Elimination System (VPDES) permit. This permit controls the stormwater and drydock water discharges from the shipyard under the Clean Water Act (CWA). On 5 August 1992, the Virginia State Water Control Board issued an enforcement action to NNSY based on the shipyard failure to consistently comply with its permit water quality limits at drydock outfalls. The state's Special Order directed the shipyard to improve its water pollution controls method to achieve compliance. The best method of compliance was found to be capturing and treating the water through a Dissolved Air Flootation (DAF) system.</p> <p>Impact</p> <p>The inability to rapidly remove standing water from drydocks historically impedes scheduled work resulting in several undesirable conditions. These include water backing up into the drydock which creates unsafe working conditions, production delays or a condition allowing untreated water to bypass the processing system; thus releasing industrial contaminated water into the Elizabeth river. These pumping systems will provide an acceptable means of adherence to the Compliance Order. If the equipment is not obtained NNSY would have to revert back to the more costly method of maintaining environmental compliance while conducting drydock operations, I.e. blasting and painting ships.</p>												

(Dollars in Thousands)							A. Budget Submission FY 2003 - PRESIDENT'S BUDGET - FEBRUARY 2002					
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS				C. Line# and Description 15/UPGRADE ESAB CNC CUTTING CENTER(Replacement)			D. Site Identification NNSY Portsmouth, VA					
		FY 2001		FY 2002			FY 2003					
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
Non ADP							1	708	1145			
Narrative Justification:												
<p>Description ESAB Systems Large Gantry (Model Avenger 3) addition to existing ESAB computer numerically controlled (CNC) Thermal Cutting Center (NID-047842). Includes CNC controller, loft to Gantry computer aided design/computer aided machining/direct numerical controlled (CAD/CAM/DNC) Network, nesting software, 4 oxy-fuel torches, 2 plasma-arc torches, 2 plate markers, 1 beveling plasma-arc torch, 2 positioning lasers. Gantry 25' L x 6' W x 6' H; weight 8000 lbs.</p> <p>Justification This project replaced a 15 year old Gantry #1 on existing CNC Cutting Center in Bldg. 202. This machine is essential to all plate cutting requirements. Current system is obsolete compared to advances in technology. Machine wear has significantly increased cost and down time. Poor product quality has increased over past 3 years. Proposed gantry will have advanced automatic beveling capability and more accurate cutting controls.</p> <p>Impact If this Gantry #1 is not replaced, mission to serve the Fleet with the only Navy East Coast large shipfitting shop would be difficult. Shipfitting infrastructure consolidation and equipment modernization not fully achieved. Gantry #1 uses older CNC technology. Gantry #1 will not be local area network (LAN) compatible, upon planned FY 02 upgrade of Loft CAD to WIN-NT. Closed Charleston & Philadelphia NSY Large Shipfitting Shops coupled with future Loft CAD upgrades, CNO availability schedule delays increase. Savings (\$263,690/yr) not achieved. In FY 03, Operating Cost increases by \$689,359.</p>												

(Dollars in Thousands)						A. Budget Submission FY 2003 - PRESIDENT'S BUDGET - FEBRUARY 2002						
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS				C. Line# and Description 16/HEAD REFURBISHMENT ENCLOSURE(New Mission)			D. Site Identification NNSY Portsmouth, VA					
		FY 2001		FY 2002		FY 2003						
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
Non ADP	1	0	161	1	888	888						
Narrative Justification:												
<p>Description</p> <p>This project adds a head refurbishment enclosure (HRE) to the existing Dry-dock #4 Refueling Complex. The HRE is a prefabricated work enclosure that provides a controlled work environment to support the refurbishment of the component. The HRE will be installed within the existing storage enclosure at NNSY. The existing storage enclosure foundation will be reinforced to support the weight of the component and its special support stand.</p> <p>Justification</p> <p>The refueling work process for SSBN 726 submarines requires the refurbishment of the pressure vessel (PV) closure head. The component is removed from the ship and placed on a special support stand and then refurbished. This refurbishment must be performed in a clean area of significant size and must address environmental and personnel safety concerns. High efficiency ventilation and waste collection systems are required for the HRE to address environmental and personnel safety concerns. [The size of the clean area; environmental and personnel safety concerns along with the need to be within crane reach of the ship preclude the possibility of using existing shipyard facilities. Placing the HRE within the storage enclosure allows the use of existing security, crane and utility services.]</p> <p>Impact</p> <p>NNSY cannot accomplish SSBN 726 Class submarine refuelings without the Head Refurbishment Enclosure.</p>												

(Dollars in Thousands)		A. Budget Submission FY 2003 - PRESIDENT'S BUDGET - FEBRUARY 2002			
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS		C. Line# and Description 17/Miscellaneous (Non ADP < \$1000K; >= \$500K)		D. Site Identification NA	
		FY 2001	FY 2002	FY 2003	
ELEMENTS OF COST		Total Cost	Total Cost	Total Cost	
TOTAL COST				7198	
CNC UNIVERSAL TURNING CENTER (S/31) (Replacement) (PSNSY Bremerton, WA)				880	
SUBMARINE BATTERY CHARGER UPGRADE (Replacement) (PSNSY Bremerton, WA)				860	
ODT BLAST SYSTEM (New Mission) (NNSY Norfolk, VA)				750	
VERTICAL RECIPROCATING CONVEYOR (DD-1) (Productivity) (PSNSY Bremerton, WA)				725	
TURRET PUNCH/PLASMA PRESS (Replacement) (PNSY Portsmouth, NH)				650	
WIRE EDM MACHINE (Productivity) (PNSY Portsmouth, NH)				650	
COMPUTER NUMERICAL CONTROL LATHE (Replacement) (NNSY Norfolk, VA)				600	
CRANE UPGRADE, BRIDGE (B-856 #035403) (Replacement) (PSNSY Bremerton, WA)				555	
HORIZ BORING MILL REPLACEMENT (Productivity) (NNSY Norfolk, VA)				553	
CRANE UPGRADE, BRIDGE (B-460 #103118) (Replacement) (PSNSY Bremerton, WA)				475	
SCRAP GRAPPLE, MOBILE, 54 FT REACH (Productivity) (PSNSY Bremerton, WA)				500	

		A. Budget Submission			
(Dollars in Thousands)		FY 2003 - PRESIDENT'S BUDGET - FEBRUARY 2002			
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS		C. Line# and Description 18/Miscellaneous (Non ADP < \$500K)		D. Site Identification NA	
		FY 2001	FY 2002	FY 2003	
ELEMENTS OF COST		Total Cost	Total Cost	Total Cost	
TOTAL COST				6186	

							A. Budget Submission						
(Dollars in Thousands)							FY 2003 - PRESIDENT'S BUDGET - FEBRUARY 2002						
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS				C. Line# and Description 19/NSY SERVER REPLACEMENT(Hardware)			D. Site Identification NSY Arlington, VA (MSSD)						
	FY 2001			FY 2002			FY 2003			FY 2004			
ELEMENTS OF COST	Qty	Unit Cost	Cost	Qty	Unit Cost	Cost	Qty	Unit Cost	Cost	Qty	Unit Cost	Cost	
ADP				1	3850	3850	1	3600	3600				
Narrative Justification:													
<p>Description</p> <p>This project supports the replacement and technological refreshment of the standard configuration information technology (IT) applications servers supporting the corporate standard information systems in the naval shipyards. There are 27 corporate standard applications that support depot maintenance operations in the shipyards including Baseline Advanced Industrial Management (BAIM), Performance Monitoring, Shipyard Management Information System (SYMIS) Material and Financial Management, Laboratory Analysis, and Hazardous Substance Management and Monitoring, as well as specialty applications for Facilities and Radiological Controls Monitoring. Much of this equipment was installed three or more years ago.</p> <p>Justification</p> <p>This equipment is required to replace aging and obsolete equipment. This equipment is also required to ensure compatibility with Enterprise Resource Planning (ERP) platforms planned for the regional maintenance consolidation functions. All equipment is acquired centrally for configuration control and management, economy of scale and maximum discount. In addition, equipment will be consolidated, where feasible, for greater economy and resource savings. This equipment is required to replace currently outdated equipment that will remain in the shipyards for the next 4-5 years.</p> <p>Impact</p> <p>If not replaced, the shipyards will be left with obsolete equipment for which there is no vendor maintenance, thus jeopardizing the shipyard's ability to assure uninterrupted, seamless communications capability for depot maintenance progress reporting. Shipyards will experience high levels of downtime and lost productivity.</p>													

(Dollars in Thousands)							A. Budget Submission FY 2003 - PRESIDENT'S BUDGET - FEBRUARY 2002					
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS				C. Line# and Description 20/ENTERPRISE RESOURCE PLANNING(Hardware)			D. Site Identification NSY Arlington, VA (MSSD)					
	FY 2001			FY 2002			FY 2003					
ELEMENTS OF COST	Qty	Unit Cost	Cost	Qty	Unit Cost	Cost	Qty	Unit Cost	Cost			
ADP	1	425	425	1	6000	6000						
Narrative Justification:												
<p>Description</p> <p>The purpose of this project is to acquire a comprehensive commercial off the shelf (COTS) software package Enterprise Resource Planning (ERP) to replace legacy systems currently operating in the shipyards. This ERP package will provide a single, end to end information system. This initiative encompasses both depot and intermediate maintenance activities. This project addresses ERP acquisition and implementation at Naval Shipyards only.</p> <p>Justification</p> <p>This project is chartered by the Department of Navy's Revolution in Business Affairs (RBA) initiative, Commercial Business Practices (CBP) Working Group chaired by COMNAVAIR. It is the objective of the group that the Navy capitalize on technology to achieve gains in productivity through a disciplined approach to effect business process change utilizing best practices. This initiative is sponsored by CLF, as an initiative to consolidate depot/intermediate level maintenance.</p> <p>Impact</p> <p>The Navy has a diverse, complex array of maintenance related information systems supporting all levels of maintenance. They are not interconnected nor do they generally pass information from one to the other. This restricts data visibility and sharing between depot/intermediate and regional commands. These individual systems are also founded on different technical standards, differing work processes and organization alignments. Further, there is no ability to link maintenance systems to logistics, financial and procurement systems. The Navy has the opportunity to consolidate and eliminate various duplicative maintenance, financial and procurement systems, and implement fewer, standard systems across the maintenance community by either consolidating or eliminating cumbersome and duplicative work processes, streamlining organizational alignments and implementing a new IT system to support these new processes.</p>												

(Dollars in Thousands)							A. Budget Submission FY 2003 - PRESIDENT'S BUDGET - FEBRUARY 2002					
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS				C. Line# and Description 24/ENTERPRISE RESOURCE			D. Site Identification NSY Arlington, VA (MSSD)					
		FY 2001		FY 2002			FY 2003					
ELEMENTS OF COST	Qty	Unit Cost	Total	Qty	Unit Cost	Total	Qty	Unit Cost	Total			
Software	1	16999	16999	1	61100	61100						

Narrative Justification:

Description
The purpose of this project is to acquire a comprehensive commercial off the shelf software package called Enterprise Resource Planning (ERP) to replace multiple legacy systems currently operating in the shipyards. This ERP package will provide a single, end to end information system. The scope of this initiative encompasses depot and intermediate maintenance activities. This project addresses ERP acquisition and implementation at Naval Shipyards only. Of the \$61.1M, \$12.3M funds the dedicated AIS effort and the remainder funds the Business Process Re-engineering integral to the project (\$48.8M).

Justification
This project is chartered by the Department of Navy's Revolution in Business Affairs (RBA) initiative, Commercial Business Practices (CBP) Working Group chaired by COMNAVAIR. It is the objective of the group that the Navy capitalize on technology to achieve gains in productivity through a disciplined approach to effect business process change utilizing best practices. This initiative is sponsored by CLF, as an initiative to consolidate depot/intermediate level maintenance.

Impact
The Navy has a diverse, complex array of maintenance related information systems supporting all levels of maintenance. They are not interconnected nor do they generally pass information from one to the other. This restricts data visibility and sharing between depot/intermediate and regional commands. These individual systems are also founded on different technical standards, differing work processes and organization alignments. Further, there is no ability to link maintenance systems to logistics, financial and procurement systems. The Navy has the opportunity to consolidate and eliminate various duplicative maintenance, financial and procurement systems, and implement fewer, standard systems across the maintenance community by either consolidating or eliminating cumbersome and duplicative work processes, streamlining organizational alignments and implementing a new IT system to support these new processes.

(Dollars in Thousands)							A. Budget Submission FY 2003 - PRESIDENT'S BUDGET - FEBRUARY 2002					
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS				C. Line# and Description 25/DEPOT MAINTENANCE STD				D. Site Identification NSY Arlington, VA (MSSD)				
		FY 2001		FY 2002		FY 2003						
ELEMENTS OF COST	Qty	Unit Cost	Total	Qty	Unit Cost	Total	Qty	Unit Cost	Total			
Software	1	9094	9094	1	3720	3720						

Narrative Justification:

Description
The naval shipyards require continued upgrades and enhancements to their standard ship/fleet maintenance core business systems supporting the high visibility 688 submarine/carrier availabilities. Further, the systems utilized support the continued requirement for business process improvements to achieve higher efficiencies in the workplace. These systems include: Baseline Advanced Industrial Management (BAIM), AIM Express, Performance Measurement, Material Requirements, Financial/Material Management, Workload Forecasting, Radiological Controls and Hazardous Substance Management and Monitoring, among others. The priority software upgrades have been selected based on calculated return on investment of less than one year, direct support of 688 class submarine factory program, and/or potential contribution on the initiative to the strategic sourcing wedge.

Justification
These projects will contribute to enhanced business performance, improved business processes, and contribute to strategic sourcing wedge.

Impact
If this project is not funded, Navy will lose the opportunity to continue with Business Process Reengineering (BPR) and its contribution to depot/regional maintenance cost reduction initiatives. Since these applications are not expected to be replaced by the emerging Enterprise Resource Planning initiative, it is considered reasonable to continue with these projects.

(Dollars in Thousands)						A. Budget Submission FY 2003 - PRESIDENT'S BUDGET - FEBRUARY 2002					
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS				C. Line# and Description 27/NSY SHIP MAINTENANCE			D. Site Identification NSY Arlington, VA (MSSD)				
		FY 2001		FY 2002			FY 2003				
ELEMENTS OF COST	Qty	Unit Cost	Total	Qty	Unit Cost	Total	Qty	Unit Cost	Total		
Software							1	1400	1400		

Narrative Justification:

Description
The naval shipyards require continued upgrades and enhancements to their standard ship/ fleet maintenance core business systems supporting the high visibility 688 submarine/ carrier availabilities or other "Lean 7" initiatives. Further, the systems utilized support the continued requirement for business process improvements to achieve higher efficiencies in the workplace. These systems include: Baseline Advanced Industrial Management (BAIM), AIM Express, Performance Measurement, Material Requirements, Financial/ Material Management, Workload Forecasting, Radiological Controls and Hazardous Substance Management and Monitoring, among others. The priority software upgrades have been selected based on calculated return on investment of less than one year, direct support of 688 class submarine factory program, assist in the transition to Enterprise Resource Planning (ERP) and/or potential contribution of the initiative to the strategic sourcing wedge.

Justification
These projects will contribute to enhanced business performance, improved business processes, and contribute to strategic sourcing wedge.

Impact
If this project is not funded, Navy will lose the opportunity to continue with Business Process Reengineering (BPR) and its contribution to depot/regional maintenance cost reduction initiatives. These applications are not expected to be replaced by the emerging ERP initiative.

(Dollars in Thousands)		A. Budget Submission FY 2003 - PRESIDENT'S BUDGET - FEBRUARY 2002			
B. Component/Business Area/Date		C. Line# and Description		D. Site Identification	
DEPOT MAINTENANCE - SHIPYARDS		28/Miscellaneous (Minor Construction <		NA	
		FY 2001	FY 2002	FY 2003	
ELEMENTS OF COST		Total Cost	Total Cost	Total Cost	
TOTAL COST		75	145	1400	
RELOCATE OUTSIDE PLATE YARD (PNSY, Portsmouth, NH)		75		475	
STRUCTURAL GROUP CONSOLIDATION (PNSY Portsmouth, NH)			75	475	
RELOCATE WELDING SCHOOL/LAB (PNSY Portsmouth, NH)			70	450	

			A. Budget Submission		
(Dollars in Thousands)			FY 2003 - PRESIDENT'S BUDGET - FEBRUARY 2002		
B. Component/Business Area/Date		C. Line# and Description		D. Site Identification	
DEPOT MAINTENANCE - SHIPYARDS		29/Miscellaneous (Minor Construction <		NA	
		FY 2001	FY 2002	FY 2003	
ELEMENTS OF COST		Total Cost	Total Cost	Total Cost	
TOTAL COST				3161	

Navy Working Capital Fund Capital Investment Summary
 Depot Maintenance -- NAVAL SHIPYARDS
 FY 2003 PRESIDENT'S BUDGET
 February 2002
 (\$ in Millions)

FY	PROJECT TITLE	FY 2002 PRESIDENT'S	ASSET / DEFICIENCY	FY 2003 PRESIDENT'S	EXPLANATION
Non-ADP Equipment					
01	CRANE, PORTAL, 60 TON (REPLACE #76)	10.000	(1.600)	8.400	Cost reduction based upon final cost of first 60 Ton Portal Crane.
01	CVN CAMELS	3.822	0.000	3.822	No change
01	NFPC, REBUILD 16' PROPELLER PROFILER (SU-11)	3.300	(3.300)	0.000	Project deferred to outyear in lieu of critical emergent requirement on 30' Propeller Profiler.
01	NEW FUEL INSPECTION AND STORAGE ENCLOSURE	2.800	0.000	2.800	No change
01	PIER RAMPS FOR CVN/LHD/LHA	0.000	0.150	0.150	Advance design authority for FY03 CVN/LHD/LHA PIER RAMPS project which was advanced to FY01 execution as part of reprogramming action approved by FMB and OUSD in September 2001.
01	PRWC TANK, 7,000 GALLON	0.070	0.000	0.070	No change.
01	CNC DRILLING/MILLING CENTER (8 FT X 33 FT)	0.000	0.040	0.040	Advance design authority for FY03 CNC DRILLING/MILLING CENTER (8 FT X 33 FT) project which was advanced to FY 2001 execution.
01	ABRASIVE TUMBLER BLASTER	1.117	0.283	1.400	Cost increase.
01	NFPC, ELECT OVHL OF 30' PROPELLER PROFILER (SU-9)	0.000	1.400	1.400	Project inserted due to critial need.
01	CRANE, BRIDGE, 30T, B174	0.106	(0.106)	0.000	Represents advanced design authority for an FY 2002 project which was previously identified as line item visible (>\$1M). Entire FY02 project was advanced to FY01 and executed for under \$1M.
01	HEAD REFURBISHMENT ENCLOSURE	0.161	0.000	0.161	No change
01	MISCELLANEOUS NON-ADP >\$500K, <\$1,000K	2.142	1.407	3.549	Below threshold project changes/realignments.
01	MISCELLANEOUS NON-ADP <\$500K	4.310	1.726	6.036	Below threshold project changes/realignments.
Total Non-ADP Equipment		27.828	0.000	27.828	
ADP & TELECOMMUNICATIONS EQUIPMENT					
01	NSY COMPUTER REPLACEMENT (HARDWARE)	3.825	0.000	3.825	No change
01	ENTERPRISE RESOURCE PLANNING (HARDWARE)	0.000	0.425	0.425	Displayed in Miscellaneous (ADP <\$500K)
01	MISCELLANEOUS (ADP <\$500K)	0.425	(0.425)	0.000	Displayed in Enterprise Resource Planning (Hardware)
Total ADP & Telecommunications Equipment		4.250	0.000	4.250	
ADP SOFTWARE DEVELOPMENT					
01	DIFMS IMPLEMENTATION	3.000	(3.000)		Reprogramming for ERP Software Development
01	DEFENSE MAINTENANCE STANDARD SYSTEM	9.094	0.000	9.094	No change
01	ENTERPRISE RESOURCE PLANNING (ERP) SYSTEM	16.000	0.999	16.999	Reprogramming for ERP Software Development
Total Software Development		28.094	(2.001)	26.093	
MINOR CONSTRUCTION					
01	MINOR CONSTRUCTION <\$500K	0.828	0.000	0.828	No change
Total Minor Construction		0.828	0.000	0.828	
FY01 GRAND TOTAL		61.000	(2.001)	58.999	

Navy Working Capital Fund Capital Investment Summary
 Depot Maintenance -- NAVAL SHIPYARDS
 FY 2003 PRESIDENT'S BUDGET
 February 2002
 (\$ in Millions)

FY	PROJECT TITLE	FY 2002 PRESIDENT'S	ASSET / DEFICIENCY	FY 2003 PRESIDENT'S	EXPLANATION
NON-ADP EQUIPMENT					
02	60 TON PORTAL CRANE #34	9.912	(1.912)	8.000	Cost reduction based upon known full cost of (2) 60 Ton Portal Cranes
02	60 TON PORTAL CRANE #35	0.000		8.000	See above explanation.
02	800 TON FORGING PRESS	1.704	(1.704)	0.000	This project was executed in FY 2001 .
02	PRWC TANK, 7,000 GALLON	1.580	0.000	1.580	No change
02	NFPC, 5-AXIS MACHINING CENTER	1.500	0.000	1.500	No change
02	DRYDOCK WATER PROCESSING SYSTEM	1.248	0.000	1.248	No change
02	CRANE BRIDGE, 30T, B174	0.970	(0.970)	0.000	Entire project was advanced to FY01 and executed for under
02	HEAD REFIRBISHMENT ENCLOSURE	0.888	0.000	0.888	No change
02	MISCELLANEOUS NON-ADP >\$500K, <\$1,000K	6.560	(0.372)	6.188	Below threshold project changes/realignments.
02	MISCELLANEOUS NON-ADP <\$500K	9.802	(3.042)	6.760	Below threshold project changes/realignments.
Total Non-ADP Equipment		34.164	0.000	34.164	
ADP & TELECOMMUNICATIONS EQUIPMENT					
02	NSY COMPUTER REPLACEMENT (HARDWARE)	3.850	0.000	3.850	No change
02	ENTERPRISE RESOURCE PLANNING	6.000	0.000	6.000	No change
02	MISCELLANEOUS ADP >\$500K; <\$1,000K)	0.886	0.000	0.886	No change
02	MISCELLANEOUS ADP <\$500K	0.605	0.000	0.605	No change
Total ADP & Telecommunications Equipment		11.341	0.000	11.341	
ADP SOFTWARE DEVELOPMENT					
02	ENTERPRISE RESOURCE PLANNING	61.100	0.000	61.100	No change
02	DEFENSE MAINTENANCE STANDARD SYSTEM	3.720	0.000	3.720	No change
Total Software Development		64.820	0.000	64.820	
02	MISCELLANEOUS MINOR CONSTRUCTION <\$500K	2.775	0.000	2.775	No change
Total Minor Construction		2.775	0.000	2.775	
		113.100	0.000	113.100	

Naval Aviation Depots

**FY 2003 President's Budget
Navy Working Capital Fund
Narrative Summary of Operation
Activity Group: Depot Maintenance/NADEPs
February 2002**

ACTIVITY GROUP FUNCTION

To provide responsive worldwide maintenance, engineering, and logistics support to the Fleet and ensure a core industrial resource base essential for mobilization; repair aircraft, engines, and components, and manufacture parts and assemblies; provide engineering services in the development of hardware design changes, and furnish technical and other professional services on maintenance and logistics problems.

ACTIVITY GROUP COMPOSITION

<u>Activities</u>	<u>Location</u>
NAVAVNDEPOT, Cherry Point	Cherry Point, NC
NAVAVNDEPOT, Jacksonville	Jacksonville, FL
NAVAVNDEPOT, North Island	San Diego, CA

BUDGET HIGHLIGHTS

General

The budget for the Naval Aviation Depots (NADEPs) reflects operations of the three remaining Depots plus a few residual transactions for closed NADEPs in FY 2001 only. The FY 2001 revenue estimate includes a \$35 million surcharge to FY 2001 rates to mitigate projected operating losses, in accordance with the policy established by Deputy Secretary of Defense in December 1997. Subsequent to the development and approval of FY 2002 stabilized rates, additional FY 2001 operating losses became evident in the Aircraft and Engine programs based upon actual experience. FY 2001 operating losses, based on end of year Actuals, are reflected in the current estimates, with Accumulated Operating Results (AOR) recovery accomplished in FY 2003 via the rate setting process.

Budgeting and Managing for Results: Full Funding of Retiree Costs

To improve the accounting for and make the cost of government programs more visible to the American people, the Administration is proposing to align the full annual budgetary costs of resources used by programs with the budget accounts that fund the programs. To that end, the budget includes a request for a direct appropriation of \$373.2 million for the Navy Working Capital Fund (of which \$45.4 million is for NADEPs), to fund the full accruing cost of the Civil Service Retirement System and health benefits for retired civilian employees in the Federal Employee Health Benefit Program. Beginning with the FY 2004 Budget, these costs will be

**FY 2003 President's Budget
Navy Working Capital Fund
Narrative Summary of Operation
Activity Group: Depot Maintenance/NADEPs
February 2002**

built-into the rates charged to Navy Working Capital Fund customers. This proposal does not increase the total costs to the Federal government, since these costs were previously funded from a central account.

<u>Summary of Operations</u>	\$ in Millions)		
	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Orders	1,758.8	1,881.5	1,901.1
Revenue	1,810.4	1,960.2	2,030.1
Cost of Goods Sold	1,824.8	1963.6	2,017.3
Revenue less Costs	-14.4	-3.4	12.8
Surcharges	-9.0	-5.0	0
Net Operating Result (NOR)	-23.4	-8.4	58.1
Direct Appropriation to fund	0	0	45.3
FEHB/CSRS Accruals in FY 2003			
Accumulated Operating Result (AOR)	-49.8	-58.1	0

Orders. New reimbursable orders for FY 2001, FY 2002 and FY 2003 are \$1.8 billion, \$1.9 billion and \$1.9 billion respectively. FY 2002 new orders increase by \$47 million from the President's budget due to increased airframe, engine, modification and Product Support Department (PSD) work. The increase in new orders from FY 2002 to FY 2003 is due to AOR recovery.

Revenue. Revenue is \$1.8 billion in FY 2001, \$2.0 billion in FY 2002, \$2.0 billion in FY 2003. The FY 2002 estimate exceeds the FY 2002 President's Budget (\$0.1 billion) due to the full implementation of revenue recognition based on percentage of completion for the component program and an increase in workload in several programs. The FY 2001 revenue estimate includes a \$35 million surcharge to the FY 2001 rates to mitigate projected operating losses, in accordance with the policy established by the Deputy Secretary of Defense in December 1997. The FY 2003 revenue estimate includes AOR recovery of FY 2001 operating losses in the Aircraft and Engine programs.

Costs. Cost of Operations is \$1.8 billion in FY 2001, \$2.0 billion in FY 2002, \$2.0 billion in FY 2003. The increase between FY 2001 and FY 2002 and from the FY 2002 President's Budget in FY 2002 is attributed to the same factors that influence revenue as explained above. Further, the FY 2001 Cost of Operations includes \$35 million of cost for the financial completion and

**FY 2003 President's Budget
Navy Working Capital Fund
Narrative Summary of Operation
Activity Group: Depot Maintenance/NADEPs
February 2002**

associated loss on components, airframes, engines and other work. Recovery of \$35 million of the cost increase is reflected as additional revenue via surcharges in FY 2001.

Revenue less cost. Revenue less cost for FY 2001, FY 2002 and FY 2003 is -\$14.4 million, - \$3.4 million and \$12.8 million respectively. Furthermore, FY 2001 costs reflect additional operational losses in the Aircraft and Engine programs based on actual experience. The FY 2003 estimate reflects revenue necessary to achieve a zero AOR by year end.

Treasury Cash. The positive cash position of \$44.9 million in FY 2003 is a result of the recoupment to achieve a zero AOR.

	(\$ in millions)		
	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Collections	\$1,652	\$1,791	\$1,893
Disbursements	\$1,772	\$1,800	\$1,848
Net Outlays	-\$120	-\$9	\$45

Stabilized Customer Rates.

	<u>FY 2002</u>	<u>FY 2003</u>
Composite Hourly Rate	\$151.61	\$164.99
Percent Year to Year Change		8.8%

The composite rate change reflects both the impact of workload mix changes and pricing changes. The change in the rate, excluding the impact of programmatic changes, is 5.3 percent. The FY 2003 stabilized rate includes \$58.1 million to recover prior year operating losses.

**FY 2003 President's Budget
Navy Working Capital Fund
Narrative Summary of Operation
Activity Group: Depot Maintenance/NADEPs
February 2002**

Unit Cost Goals. The budget reflects the following FY 2001-2003 unit cost goals:

	(\$ and DLHs in Millions)		
	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Total Operating Cost	\$1,712.2	\$1,840.8	\$1,875.0
Direct Labor Hours (DLH)	11.435	12.318	11.731
Unit Cost	\$149.73	\$149.44	\$159.83
% Change Workload/DLHs	-	+7.7%	-4.8%
% Change Unit Cost	-	-.2%	+7.0%

- DLH includes direct labor hours worked by contractors.

Strategic Sourcing and Efficiency Savings. Savings and associated investment costs for strategic sourcing have been incorporated in this budget. Savings will be generated from business process reengineering to include improvements in material management and planning and scheduling processes, as well as savings resulting from competition of information technology and data processing, plant maintenance, and computer and engineering functions. FY 2002 savings, as well as assumptions and goals, associated with Strategic Sourcing and Efficiencies have not changed from the FY 2002 President's Budget.

SUMMARY OF PERSONNEL RESOURCES.

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Civilian Personnel:			
End Strength	10,590	10,189	9,863
FTE Workyears	10,391	10,145	9859
Military Personnel:			
End Strength	94	120	120
Workyears	99	120	120

Overtime rates have decreased since most workload fluctuations are covered by the use of contractor personnel. The decrease in Civilian End Strength in FY 2003 reflects a conscious decision to concentrate on a sustainable civilian workforce with reliance on contractor labor to accommodate workload fluctuations.

**FY 2003 President's Budget
Navy Working Capital Fund
Narrative Summary of Operation
Activity Group: Depot Maintenance/NADEPs
February 2002**

SUMMARY OF WORKLOAD INDICATORS:

	(Inducted Units)		
	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
AIRFRAMES	<u>358</u>	<u>507</u>	<u>529</u>
O&M,N	316	467	492
O&M,NR	24	27	20
RDT&E	5	4	7
Other	13	9	10
	(Inducted Units)		
ENGINES	<u>705</u>	<u>839</u>	<u>777</u>
O&M,N	522	564	489
O&M,NR	96	76	79
RDT&E	4	6	5
Other	234	193	204

SUMMARY OF CAPITAL PURCHASES PROGRAM (CPP):

The CPP budget reflects significant investments in Consolidated Automated Support Systems, Depot Maintenance System (DMS), and Enterprise Resource Planning (ERP) requirements. Amounts included in the budget for CPP are:

	(\$ in Millions)		
	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Equipment-non ADPE &TELECOM	20.032	21.006	16.850
Minor Construction:	4.724	3.100	3.771
Equipment-ADPE &TELECOM	1.218	5.331	8.807
Software Development	23.669	21.867	18.062
Total	\$49.643	\$51.304	\$47.490

A Capital Asset Surcharge of \$5.0 million is included in FY 2002 customer billing rates to provide for capital expenditures in excess of depreciation expense levels.

**FY 2003 President's Budget
Navy Working Capital Fund
Narrative Summary of Operation
Activity Group: Depot Maintenance/NADEPs
February 2002**

CARRYOVER

Activity Group - Carryover Reconciliation

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Revenue	1,810,407	1,960,203	2,030,071
Gross Carryover	1,120,309	1,041,613	912,658
Less Work In Process	533,963	411,170	268,840
Less Foreign Military Sales	17,822	16,617	9,876
Less BRAC	17,676	14,225	14,225
Less Other Federal Sources	5,573	13,285	13,545
Less Non-Federal Sources	2,283	11,448	11,860
<u>Less Contractual Liabilities</u>	<u>93,119</u>	<u>126,829</u>	<u>196,075</u>
Net Carryover	449,873	448,039	398,237
Months	2.9	2.7	2.3

INDUSTRIAL BUDGET INFORMATION SYSTEM
REVENUE and EXPENSES
AMOUNT IN MILLIONS
NADEP / TOTAL

(NIFRPT)

PAGE 1

	FY 2001 CON	FY 2002 CON	FY 2003 CON
Revenue:			
Gross Sales			
Operations	1,764.1	1,908.9	1,976.5
Surcharges	9.0	5.0	.0
Depreciation excluding Major Constructio	37.4	46.3	53.6
Other Income			
Total Income	1,810.4	1,960.2	2,030.1
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	7.6	7.5	7.8
Civilian Personnel	672.4	697.1	729.2
Travel and Transportation of Personnel	20.1	21.6	20.5
Material & Supplies (Internal Operations	655.9	675.2	682.7
Equipment	90.1	99.9	101.4
Other Purchases from NWCF	32.0	35.9	35.5
Transportation of Things	1.2	1.2	1.3
Depreciation - Capital	37.4	46.3	53.6
Printing and Reproduction	2.5	2.8	2.8
Advisory and Assistance Services	15.2	7.1	7.0
Rent, Communication & Utilities	33.8	40.5	40.7
Other Purchased Services	143.9	205.8	192.5
Total Expenses	1,712.2	1,840.8	1,875.0
Work in Process Adjustment	132.7	122.8	142.3
Comp Work for Activity Reten Adjustment	-20.1	.0	.0
Cost of Goods Sold	1,824.8	1,963.6	2,017.3
Operating Result	-14.4	-3.4	12.8
Less Surcharges	-9.0	-5.0	.0
Plus Appropriations Affecting NOR/AOR	.0	.0	45.4
Other Changes Affecting NOR/AOR	.0	.0	.0
Extraordinary Expenses Unmatched	.0	.0	.0
Net Operating Result	-23.4	-8.4	58.1
Other Changes Affecting AOR	.0	.0	.0
Accumulated Operating Result	-49.8	-58.1	.0

INDUSTRIAL BUDGET INFORMATION SYSTEM
NADEP / TOTAL
SOURCE of REVENUE
AMOUNT IN MILLIONS

PAGE: 1

	FY 2001 CON -----	FY 2002 CON -----	FY 2003 CON -----
1. New Orders	1,758	1,881	1,901
a. Orders from DoD Components	785	889	844
Department of the Navy	784	870	824
O & M, Navy	570	652	628
O & M, Marine Corps	0	0	0
O & M, Navy Reserve	34	34	26
O & M, Marine Corp Reserve	0	0	0
Aircraft Procurement, Navy	154	162	150
Weapons Procurement, Navy	0	0	0
Ammunition Procurement, Navy/MC	0	0	0
Shipbuilding & Conversion, Navy	0	0	0
Other Procurement, Navy	1	0	0
Procurement, Marine Corps	0	0	0
Family Housing, Navy/MC	0	0	0
Research, Dev., Test, & Eval., Navy	22	19	17
Military Construction, Navy	0	0	0
Other Navy Appropriations	0	0	0
Other Marine Corps Appropriations	0	0	0
Department of the Army	0	0	0
Army Operation & Maintenance	0	0	0
Army Res, Dev, Test, Eval	0	0	0
Army Procurement	0	0	0
Army Other	0	0	0
Department of the Air Force	2	18	19
Air Force Operation & Maintenance	1	18	19
Air Force Res, Dev, Test, Eval	0	0	0
Air Force Procurement	0	0	0
Air Force Other	0	0	0
DOD Appropriation Accounts	-2	0	0
Base Closure & Realignment	-2	0	0
Operation & Maintenance Accounts	0	0	0
Res, Dev, Test & Eval Accounts	0	0	0
Procurement Accounts	0	0	0
DOD Other	0	0	0
b. Orders from other WCF Activity Groups	913	943	1,006
c. Total DoD	1,698	1,832	1,851
d. Other Orders	59	48	49
Other Federal Agencies	20	3	5
Foreign Military Sales	29	36	36
Non Federal Agencies	10	8	8
2. Carry-In Orders	1,171	1,120	1,041
3. Total Gross Orders	2,930	3,001	2,942
a. Funded Carry-Over	1,120	1,041	912
b. Total Gross Sales	1,810	1,960	2,030
4. Revenue (-)	-1,810	-1,960	-2,030
5. End of Year Work-In-Process (-)	-533	-411	-268
6. Direct Contract Obligations(-)	-93	-126	-196
7. Non-DoD, BRAC, FMS, DWCF Orders (-)	-43	-55	-49
8. Net Funded Carryover	449	448	398
9. Months of Carryover	2.9	2.7	2.3

Exhibit Fund-11

**FY 2003 President's Budget
Navy Working Capital Fund
Changes in the Costs of Operations
Activity Group: Depot Maintenance/NADEP
February 2002**

(\$ in Millions)

	Total Costs
FY 2001 Actual	1,712.2
FY 2002 President's Budget	1,807.6
Pricing Adjustments:	4.3
Annualization of Pay Raises	
Civilian Personnel	0.0
Military Personnel	0.0
Pay Raise	
Civilian Personnel (from 3.6% to 4.6%)	4.3
Military Personnel	0.0
Fuel Changes	0.0
Fund Price Changes	0.0
General Purchase Inflation	0.0
Other Price Changes	0.0
Productivity Initiatives	0.0
Program Changes:	24.6
Airframes work	8.2
Engines work	5.3
Components work	-8.0
Other Support work	8.9
Modification work	8.8
Logistics/Engineering work	1.4
Other Changes (incl Depreciation):	4.3
Payraise	4.3
FY 2002 Estimate:	1,840.8

**FY 2003 President's Budget
Navy Working Capital Fund
Changes in the Costs of Operations
Activity Group: Depot Maintenance/NADEP
February 2002**

(\$ in Millions)

	Total Costs	
FY 2002 Estimates:	1,840.8	
Pricing Adjustments:	100.2	
Annualization of Pay Raises		
Civilian Personnel	10.4	
Military Personnel	0.1	
Pay Raise		
Civilian Personnel	11.7	
Military Personnel	0.2	
CSRS and FEHB Retirement Accrual	45.4	
Fuel Changes	-0.8	+
Fund Price Changes	1.3	
General Purchase Inflation	28.9	
Other Price Changes	3.0	
Productivity Initiatives	-28.3	
Strategic Sourcing	-26.0	
Competition	-11.8	
Efficiencies	-14.2	
CPP	-2.3	
Other Productivity Initiatives	0.0	
Program Changes:	-45.0	
Airframes work	-24.7	
Engines work	-3.3	
Components work	5.9	
Other Support work	-6.1	
Modification work	-17.0	
Logistics/Engineering work	0.2	
Other Changes (incl Depreciation):	7.3	
Depreciation	7.3	
FY 2003 Estimate:	1,875.0	

FY 2003 PRESIDENT'S BUDGET
CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - AVIATION DEPOTS
(\$ In Millions)

ITEM LINE #				ITEM DESCRIPTION	FY 2001		FY 2002		FY 2003	
					Qty	Total Cost	Qty	Total Cost	Qty	Total Cost
				1a. EQUIPMENT, OTHER THAN ADPE & TELECOM (>\$1M)						
				Replacement						
6 DE	1 EL	0279 P R		JIG GRINDERS	2	1.800				
6 DF	1 EL	0042 P R		PLASTIC MEDIA BLAST REPLACEMENT	1	1.500				
6 DE	1 EL	0280 P R		CNC VERTICAL LATHES	3	1.000				
6 DC	2 EL	0446 P R		CASS STATION EQUIPMENT			2	5.200		
6 DC	1 EL	0405 P R		DEPOT ATE TPS OFFLOAD TO CASS	1	1.500	1	1.555	1	2.000
6 DF	3 EL	0159 P R		JIG GRINDER REPLACEMENT					3	1.000
				Productivity						
6 DF	2 EL	0090 P P		MATERIAL HANDLING SYSTEM B133			2	2.000		
6 DF	2 EL	0150 P P		COORDINATE MEASUREMENT MACHINE			1	1.500		
6 DE	2 EL	0320 P P		WATER JET ROUTER			1	1.330		
6 DF	3 EL	0170 P P		JIG GRINDER					1	1.000
				New Mission						
6 DF	3 EL	0176 P N		BLADE TIP AND STATOR GRINDING EQUIPMENT					1	1.500
				Environmental Compliance						
6 DE	1 EL	0246 P E		ADVANCED PAINT STRIPPING SYSTEM	1	2.705				
6 DC	3 EL	0485 P R		5-AXIS MACHINING CENTER (OM-3)					2	1.750
				SUBTOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM (>\$1M)	5	8.505	5	11.585	5	7.250
DN	EU	0000		1b. EQUIPMENT, OTHER THAN ADPE & TELECOM (<\$1M)	25	11.527	24	9.421	17	9.600
				2. TOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM	30	20.032	29	21.006	22	16.850
DN	MC	0000		3. MINOR CONSTRUCTION	17	4.724	12	3.100	15	3.771
				TOTAL NON-ADP CAPITAL PURCHASES PROGRAM	47	24.756	41	24.106	37	20.621

FY 2003 PRESIDENT'S BUDGET
CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - AVIATION DEPOTS
(\$ In Millions)

ITEM LINE #				ITEM DESCRIPTION	FY 2001		FY 2002		FY 2003	
					Qty	Total Cost	Qty	Total Cost	Qty	Total Cost
7 DN 2 KL 0003 G R 6 DF 3 KL 0152 G P				1a. ADPE & TELECOMMUNICATIONS (>\$1M) Computer Hardware (Production)						
				DEPOT MAINTENANCE SYSTEMS HARDWARE REPLACEMENT			2	3.970	3	7.307
				INDUSTRIAL BUSINESS OPERATIONS SYSTEM					1	1.000
				SUBTOTAL ADPE & TELECOMMUNICATIONS (>\$1M)	0	.000	2	3.970	4	8.307
	DN	KU	0000	1b. ADPE & TELECOMMUNICATIONS (<\$1M)	3	1.218	2	1.361	1	.500
				2. TOTAL ADPE & TELECOMMUNICATIONS	3	1.218	4	5.331	5	8.807
				3a. SOFTWARE DEVELOPMENT (>\$1M) Internally Developed						
7 DN	0 DL	0JT2 G P	NAVAIR DEPOT MAINTENANCE SYSTEM (NDMS)	3	10.669	3	6.300	3	5.072	
7 DN	0 DL	0001 G R	ENTERPRISE RESOURCE PLANNING (ERP)	3	13.000	3	13.467	3	12.990	
7 DN	2 DL	0002 G R	NIMMS			3	2.100			
			SUBTOTAL SOFTWARE DEVELOPMENT (>\$1M)	6	23.669	9	21.867	6	18.062	
DN	DU	0000	3b. SOFTWARE DEVELOPMENT (<\$1M)	0	.000	0	.000	0	.000	
			3. TOTAL SOFTWARE DEVELOPMENT	6	23.669	9	21.867	6	18.062	
			TOTAL ADP CAPITAL PURCHASES PROGRAM	9	24.887	13	27.198	11	26.869	
			GRAND TOTAL CAPITAL PURCHASES PROGRAM	56	49.643	54	51.304	48	47.490	

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FY2003 PRESIDENT'S BUDGET		
B. Department of the Navy/Depot Maintenance/Aviation Depot							C. JIG GRINDERS (2)			D. Jacksonville		
							6DE1EL0279PR					
	2000			2001			2002					
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
INVESTMENT COST				2		1800						
OPERATIONAL DATE 1-Apr-02 METRICS: <u>AVOIDANCE</u> <u>SAVINGS</u> <u>TOTAL</u> PROJECTED ANNUAL SAVINGS \$0 \$52,880 \$52,880 AVERAGE ANNUAL SAVINGS (Discounted) \$0 \$30,026 \$30,026 PAYBACK PERIOD #DIV/0! NA NA RATE OF RETURN (ROR) 0% 2% 2%												
PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.) 1. DESCRIPTION & PURPOSE OF PROJECT. Replace two (2) conventional Jig Grinders built in 1981, with new CNC Jig Grinders. The CNC type grinder will provide added capability such as grinding a square hole or grinding a sphere. These complex shapes are found on various Landing Gear components. These machine tools are the most precise equipment utilized within this command. 2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? The existing Grinders are experiencing electronic failures. Replacement parts are not stocked due to the age of the machines, which were manufactured in Switzerland. The mechanical portion of each Grinder is showing moderate wear and corrosion damage and cannot be expected to hold required tolerances. New Jig Grinders will be factory supported with parts for approximately 10 years and be capable of holding extremely close tolerances. 3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? Utilize the Grinders until they become inoperable, at which time the NADEP will have a work stoppage and have to disestablish capability. When the requirement for grinding landing gear spheres or square holes arises, the NADEP will have to request an alternate source for this particular operation. 4. IMPACT IF NOT ACQUIRED. Extensive turn around time and or loss of Jig grinding capability.												

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FY2003 PRESIDENT'S BUDGET		
B. Department of the Navy/Depot Maintenance/Aviation Depot						C. PLASTIC MEDIA BLAST REPLACEMENT 6DF1EL0042PR					D. Cherry Point	
		2000		2001			2002					
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
INVESTMENT COST				1	1500	1500						
OPERATIONAL DATE 1-Jun-02												
METRICS:												
	AVOIDANCE	SAVINGS	TOTAL									
PROJECTED ANNUAL SAVINGS	\$261,653	\$0	\$261,653									
AVERAGE ANNUAL SAVINGS (Discounted)	\$148,569	\$0	\$148,569									
PAYBACK PERIOD	8.9	#DIV/0!	8.9									
RATE OF RETURN (ROR)	10%	0%	10%									
PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)												
<p>1. DESCRIPTION & PURPOSE OF PROJECT.</p> <p>This project replaces one Plastic Media Blasting System used for paint removal on assigned airframes and associated parts. The replacement system will provide more efficient removal of paint on aircraft exteriors and interiors. A floor reclamation system will be provided as part of a MILCON project (P-979) that will replace the existing Plastic Media Blast (PMB) facility in which the existing equipment is housed. The floor reclamation/recovery system will reduce costs associated with reclamation and disposal of plastic media, allowing for automatic recycling of the media versus existing method of sweeping media into the reclamation system.</p> <p>2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/ PROBLEM?</p> <p>The existing PMB system EIN 036068 has been in operation since 1990. A MILCON project requires moving PMB depaint operations into a new facility. The new MILCON facility will be equipped with a floor recovery/reclamation system that will require the blast system to be equipped with appropriate media reclaimers and dust collector units. Therefore, a new PMB system with: blast unit subsystem, floor recovery equipment, media cleaner, reclamation subsystem, dust collector, and control unit subsystem; designed for the new facility, will be required.</p> <p>3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? The following alternatives have been considered;</p> <p>The following alternatives have been considered:</p> <ol style="list-style-type: none"> 1. Continue to use existing PMB system in its current facility and perform glass bead blasting operations in the new facility. 2. Replace existing plastic media blast system with a new system designed for the new MILCON facility. <p>Alternative #1 was not chosen because the vast majority (75%) of depaint/corrosion control blasting performed is PMB as opposed to glass bead blasting. It is more cost effective to perform the higher volume operation in the new facility.</p> <p>Alternative #2 was chosen as explained for the reasons provided in paragraph #1 and #2 above.</p> <p>4. IMPACT IF NOT ACQUIRED. Will be unable to utilize the new MILCON Facility.</p>												

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FY2003 PRESIDENT'S BUDGET																					
B. Department of the Navy/Depot Maintenance/Aviation Depot							C. CNC VERTICAL LATHES (3)			D. Jacksonville																					
							6DE1EL0280PR																								
		2000		2001			2002																								
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost																						
INVESTMENT COST				3		1000																									
OPERATIONAL DATE 1-Apr-02 METRICS: <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;"><u>AVOIDANCE</u></th> <th style="text-align: center;"><u>SAVINGS</u></th> <th style="text-align: center;"><u>TOTAL</u></th> </tr> </thead> <tbody> <tr> <td>PROJECTED ANNUAL SAVINGS</td> <td style="text-align: right;">\$0</td> <td style="text-align: right;">\$84,579</td> <td style="text-align: right;">\$84,579</td> </tr> <tr> <td>AVERAGE ANNUAL SAVINGS (Discounted)</td> <td style="text-align: right;">\$0</td> <td style="text-align: right;">\$48,025</td> <td style="text-align: right;">\$48,025</td> </tr> <tr> <td>PAYBACK PERIOD</td> <td style="text-align: right;">#DIV/0!</td> <td style="text-align: center;">NA</td> <td style="text-align: center;">NA</td> </tr> <tr> <td>RATE OF RETURN (ROR)</td> <td style="text-align: right;">0%</td> <td style="text-align: right;">5%</td> <td style="text-align: right;">5%</td> </tr> </tbody> </table>													<u>AVOIDANCE</u>	<u>SAVINGS</u>	<u>TOTAL</u>	PROJECTED ANNUAL SAVINGS	\$0	\$84,579	\$84,579	AVERAGE ANNUAL SAVINGS (Discounted)	\$0	\$48,025	\$48,025	PAYBACK PERIOD	#DIV/0!	NA	NA	RATE OF RETURN (ROR)	0%	5%	5%
	<u>AVOIDANCE</u>	<u>SAVINGS</u>	<u>TOTAL</u>																												
PROJECTED ANNUAL SAVINGS	\$0	\$84,579	\$84,579																												
AVERAGE ANNUAL SAVINGS (Discounted)	\$0	\$48,025	\$48,025																												
PAYBACK PERIOD	#DIV/0!	NA	NA																												
RATE OF RETURN (ROR)	0%	5%	5%																												
<p><u>PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)</u></p> <p>1. DESCRIPTION & PURPOSE OF PROJECT. Replace three Engine Lathes and one Vertical Turret Lathe which are worn beyond repair, with three new CNC lathes. The lathes to be replaced are as follows: , PA# 002207, manufactured in 1970, PA# 033562, manufactured in 1972, PA# 004358, manufactured in 1980, PA# 224693, manufactured in 1985.</p> <p>2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? All four lathes are worn beyond repair. These lathes are used to turn hard face plasma coatings that are applied to engine components. These coatings are very abrasive, and during the course of operation, the abrasive particles cut into (wear) the way surfaces of all four lathes. This wear on the precision way surfaces creates excess tolerance on the tool cutting portion of the lathe. Holding the critical part dimensions will become increasingly difficult, if not impossible to obtain. Three new CNC Lathes will replace four older lathes. Also, the new CNC Lathes will be vertical positioned, thereby allowing easier part set-up and fixture change.</p> <p>3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? Utilize the existing Lathes until they become inoperable, at which time the NADEP will have to disestablish capability causing a work stoppage and will have to request an alternate source for this particular Engine component rework.</p> <p>4. IMPACT IF NOT ACQUIRED. Extensive turn around time and missed Engine Program schedule.</p>																															

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FY2003 PRESIDENT'S BUDGET																						
B. Department of the Navy/Depot Maintenance/Aviation Depot							C. CASS STATION EQUIPMENT				D. North Island																					
							6DC2EL0405PR																									
		2000		2001			2002			2003																						
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost																				
INVESTMENT COST			0			0	2	2,600	5,200			0																				
OPERATIONAL DATE 1-Apr-03 METRICS: <table style="width:100%; border-collapse: collapse;"> <tr> <th></th> <th style="text-align: right;"><u>AVOIDANCE</u></th> <th style="text-align: right;"><u>SAVINGS</u></th> <th style="text-align: right;"><u>TOTAL</u></th> </tr> <tr> <td>PROJECTED ANNUAL SAVINGS</td> <td style="text-align: right;">\$3,150,000</td> <td style="text-align: right;">\$289,924</td> <td style="text-align: right;">\$3,439,924</td> </tr> <tr> <td>AVERAGE ANNUAL SAVINGS (Discounted)</td> <td style="text-align: right;">\$1,935,539</td> <td style="text-align: right;">\$178,146</td> <td style="text-align: right;">\$2,113,684</td> </tr> <tr> <td>PAYBACK PERIOD</td> <td style="text-align: right;">1.9</td> <td style="text-align: right;">NA</td> <td style="text-align: right;">1.7</td> </tr> <tr> <td>RATE OF RETURN (ROR)</td> <td style="text-align: right;">37.2%</td> <td style="text-align: right;">3.4%</td> <td style="text-align: right;">40.6%</td> </tr> </table>														<u>AVOIDANCE</u>	<u>SAVINGS</u>	<u>TOTAL</u>	PROJECTED ANNUAL SAVINGS	\$3,150,000	\$289,924	\$3,439,924	AVERAGE ANNUAL SAVINGS (Discounted)	\$1,935,539	\$178,146	\$2,113,684	PAYBACK PERIOD	1.9	NA	1.7	RATE OF RETURN (ROR)	37.2%	3.4%	40.6%
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PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.) <div style="border: 1px solid black; padding: 5px;"> <p>1. DESCRIPTION & PURPOSE OF PROJECT. The purpose of this project is the final procurement of two Consolidated Automated Support System (CASS), AN/USM-636(V)6, RF configured stations to support the Depots Engineering and Production departments future requirements.</p> <p>2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY /PROBLEM? Engineering Department - Operational Test Program Set (OTPS) Development and In-Service Engineering competencies require CASS stations on which to perform these support functions. CASS assets currently in Engineering custody will be inadequate for the projected FY-2002 workload. The procurement of one RF configured CASS station will satisfy the projected requirements for the support of F/A-18 and S-3 avionics systems.</p> <p>Production Department - NAVICP level schedule workload commitments supported by existing CASS stations continue to increase every quarter. Four production shops currently operate 9 CASS stations at 53.% of capacity based on full three shift operation. The Depot continues to receive PMA-260 offload OTPSs and develop in-house OTPSs to replace aging Automatic Test Equipment systems. Additionally, the business office has established a Pilot Review Team to declare capability for the AN/APS-137 component workload. This system alone constitutes 12,000 hours per year of potential production workload. The procurement of one RF configured CASS stations will satisfy all of the projected capacity requirements.</p> <p>3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? Engineering Department - Do Nothing - Status Quo: Operate an additional shift on existing assets. Raise operating expenses for premium pay; increase risk of failure or project delays for equipment downtime; risk of delays across multiple projects (F/A-18, E-2C, S-3B) sharing limited assets. Contract Out: Loss of direct revenue to NADEP; decline of in-house expertise. Rebuild Existing Machine: N/A for expanded capacity. Move Workload: Loss of direct revenue to NADEP.</p> <p>Production Department - Do Nothing - Allow the existing CASS stations to reach 100% of their capacity and turn away all requests to increase workload commitments. Increase Asset Utilization - Train additional artisans to operate CASS stations and run around the clock operation.</p> </div>																																

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)		A. FY2003 PRESIDENT'S BUDGET
B. Department of the Navy/Depot Maintenance/Aviation Depot	C. CASS STATION EQUIPMENT 6DC2EL0405PR	Cherry Point

4. IMPACT IF NOT ACQUIRED.

Engineering Department - TPS Engineering organizations will be unable to execute the development and in-service (engineering investigations, software updates, ECP validation, etc.) in a timely manner if the number of CASS stations is inadequate. Projects will be delayed and overrun their budgets.

Production Department - Implementing the use of many of the CASS OTPSs will not be possible when the station capacity is reached. NAVICP will have to rely on other sources (contractors) for component workload support as the Depot will be unable to satisfy the core workload demands. This will drive up costs to the fleet customer as competition for workload will not exist.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FY2003 PRESIDENT'S BUDGET																						
B. Department of the Navy/Depot Maintenance/Aviation Depot						C. DEPOT ATE TPS OFFLOAD TO CASS				D. North Island																						
						6DC2EL0445PR																										
		2000		2001		2002		2003																								
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost																				
INVESTMENT COST	1	1500	1500	1	1500	1500	1	1555	1555	1	2000	2000																				
OPERATIONAL DATE 1-Nov-02 METRICS: <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;"><u>AVOIDANCE</u></th> <th style="text-align: center;"><u>SAVINGS</u></th> <th style="text-align: center;"><u>TOTAL</u></th> </tr> </thead> <tbody> <tr> <td>PROJECTED ANNUAL SAVINGS</td> <td style="text-align: right;">\$635,000</td> <td style="text-align: right;">\$315,500</td> <td style="text-align: right;">\$950,500</td> </tr> <tr> <td>AVERAGE ANNUAL SAVINGS (Discounted)</td> <td style="text-align: right;">\$390,180</td> <td style="text-align: right;">\$193,861</td> <td style="text-align: right;">\$584,041</td> </tr> <tr> <td>PAYBACK PERIOD</td> <td style="text-align: right;">8.6</td> <td style="text-align: center;">NA</td> <td style="text-align: right;">4.9</td> </tr> <tr> <td>RATE OF RETURN (ROR)</td> <td style="text-align: right;">11.0%</td> <td style="text-align: right;">5.5%</td> <td style="text-align: right;">16.4%</td> </tr> </tbody> </table>														<u>AVOIDANCE</u>	<u>SAVINGS</u>	<u>TOTAL</u>	PROJECTED ANNUAL SAVINGS	\$635,000	\$315,500	\$950,500	AVERAGE ANNUAL SAVINGS (Discounted)	\$390,180	\$193,861	\$584,041	PAYBACK PERIOD	8.6	NA	4.9	RATE OF RETURN (ROR)	11.0%	5.5%	16.4%
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PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)																																
<p>1. DESCRIPTION & PURPOSE OF PROJECT. This is Phase 3 of an ongoing Depot avionics Automatic Test Equipment/Test Program Set (ATE/TPS) modernization effort. The first two phases focused on the offloading of aging commercial ATE to Consolidated Automated Support System (CASS). At this point the engineering offload team has successfully transferred 57 TPSs from several legacy ATE systems. The end result will be the elimination of several old ATE systems. This project will reduce future operating cost.</p> <p>2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? There are current deficiencies in the following systems:</p> <p style="margin-left: 20px;">a. WJ1540: This is an aging system with obsolete system components that have not been manufactured for 15 years or more. The uniqueness of the system requires special training, maintenance and engineering support.</p> <p style="margin-left: 20px;">b. J1103: This system was transferred to NADEP as part of the BRAC and has never functioned since being installed in the production shop. The production shop has resorted to a hot bench approach using I-level manual test system and labor intensive manual fault isolation techniques to accomplish the workload.</p> <p style="margin-left: 20px;">c. IATS: This system supports a high number of workload items from the F/A-18 aircraft and the depot is having difficulty meeting workload commitments with only one system.</p> <p style="margin-left: 20px;">d. HATS: This is an aging system requiring considerable maintenance and engineering support what will be retired from the inventory.</p> <p>3. WHAT ALTERNATIVES HAVE BEEN CONSIDERED?</p> <p style="margin-left: 20px;">a. DO NOTHING: In the case of the WJ1540 and HATS this would result in increasing maintenance and engineering support cost. There is also the possibility of extended down times that would seriously affect the Depot's ability to provide timely fleet support. In the case of the J1103 and IATS, the issue is a very limited workload capacity. The impact of extended down time would be even more serious.</p> <p style="margin-left: 20px;">b. REPLACE THESE SYSTEMS WITH NEW MODELS: \$2,100,000 to replace/refurbish exiting ATE. This would be a very difficult process. Current versions of the above test system are not available as COTS. To directly replace would require an expensive reengineering effort. These systems would require unique logistical and engineering support for their life cycle. TPSs would then have to be developed for the new testers at an estimated cost of \$4,000,000</p> <p style="margin-left: 20px;">c. OFFLOAD TPSs TO EXITING AND LOGISTICALLY SUPPORTABLE ATE: NADEP has already made a substantial investment in the acquisition and installation of CASS stations. By moving depot support from aging systems to CASS we will avoid the increasing operating cost of these old systems. By reducing the total number of different ATE system we would we would avoid the recurring support cost associated with maintenance, logistics, training and engineering.</p> <p>4. IMPACT IF NOT ACQUIRED. Support to the Fleet will be at a higher cost.</p>																																

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FY2003 PRESIDENT'S BUDGET		
B. Department of the Navy/Depot Maintenance/Aviation Depot							C. JIG GRINDER REPLACEMENT				Cherry Point	
							6DF3EL0159PR					
		2000		2001			2002			2003		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
INVESTMENT COST									0	1	1000	1000
OPERATIONAL DATE		1-Aug-04										
METRICS:		<u>AVOIDANCE</u>	<u>SAVINGS</u>	<u>TOTAL</u>								
PROJECTED ANNUAL SAVINGS		\$108,430	\$24,500	\$132,930								
AVERAGE ANNUAL SAVINGS (Discounted)		\$66,626	\$15,054	\$81,680								
PAYBACK PERIOD		26.8	NA	14.6								
RATE OF RETURN (ROR)		7%	2%	8%								
<p><u>PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)</u></p> <p>1. DESCRIPTION & PURPOSE OF PROJECT. Replacement of Sip Jig Grinder EIN 65923-004549 in the Machine Repair Power Plant Shop 93667.</p> <p>2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?</p> <p>The existing machine is 15 years old and has been heavily utilized during that time. The machine needs to be either rebuilt or replaced due to maintenance costs and downtime; and the mission of the shop is to produce required products with the efficiency and end user requirements that this machine provides. The Machine Repair Power Plant Shop 6.2.93667 is responsible for the machine repair of aircraft engine components. As aircraft Programs like the H-53 continue on with a longer service life than was even intended by the original aircraft designers; the repair of the aircraft in a Depot maintenance environment, becomes essential in providing reliably maintained aircraft for the warfighter. In order to cost effectively repair the aircraft, a jig grinding machine in good operational condition is essential. Without this replacement Depot capability and in turn, fleet readiness, will be impaired.</p> <p>3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?</p> <p>a. Status quo: Keep the machine in operation as is and continue to put up with high maintenance costs, maintenance downtime, and shop inability to efficiently and cost effectively meet customer demand for products.</p> <p>b. Rebuild: This alternative was explored. However, the cost of a rebuild is estimated to be at least \$700,000.00. With this cost exceeding 60% of the cost of a new machine, and with the advantage afforded by a new machine with all control and programming feature "designed in" to the machine versus retrofitted; our economic analysis will show that buying new is the best alternative.</p> <p>c. Replace: Considered to be the most cost effective alternative.</p> <p>4. IMPACT IF NOT ACQUIRED. Continue to put up with high maintenance costs, maintenance downtime, and shop inability to efficiently and cost effectively meet customer demand for products.</p> <p>5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.</p>												

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FY2003 PRESIDENT'S BUDGET																						
B. Department of the Navy/Depot Maintenance/Aviation Depot							C. MATERIAL HANDLING SYSTEM, BUILDING 133 6DF2EL0090PP				Cherry Point																					
		2000				2001		2002		2003																						
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost																				
INVESTMENT COST			0			0	2		2000			0																				
OPERATIONAL DATE 1-Sep-02 METRICS: <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right;"><u>AVOIDANCE</u></th> <th style="text-align: right;"><u>SAVINGS</u></th> <th style="text-align: right;"><u>TOTAL</u></th> </tr> </thead> <tbody> <tr> <td>PROJECTED ANNUAL SAVINGS</td> <td style="text-align: right;">\$389,740</td> <td style="text-align: right;">\$150,000</td> <td style="text-align: right;">\$539,740</td> </tr> <tr> <td>AVERAGE ANNUAL SAVINGS (Discounted)</td> <td style="text-align: right;">\$239,478</td> <td style="text-align: right;">\$92,169</td> <td style="text-align: right;">\$331,647</td> </tr> <tr> <td>PAYBACK PERIOD</td> <td style="text-align: right;">7.6</td> <td style="text-align: right;">NA</td> <td style="text-align: right;">4.9</td> </tr> <tr> <td>RATE OF RETURN (ROR)</td> <td style="text-align: right;">12%</td> <td style="text-align: right;">5%</td> <td style="text-align: right;">17%</td> </tr> </tbody> </table>														<u>AVOIDANCE</u>	<u>SAVINGS</u>	<u>TOTAL</u>	PROJECTED ANNUAL SAVINGS	\$389,740	\$150,000	\$539,740	AVERAGE ANNUAL SAVINGS (Discounted)	\$239,478	\$92,169	\$331,647	PAYBACK PERIOD	7.6	NA	4.9	RATE OF RETURN (ROR)	12%	5%	17%
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<p>PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)</p> <p>1. DESCRIPTION & PURPOSE OF PROJECT. This project proposes to procure an automated storage and retrieval system for engines and components workload in Building 133 of the Naval Aviation Depot Cherry Point. The system will reduce indirect labor of Production Controllers by providing better control of the kitting process, will reduce non-production space requirements, and will reduce the risk of damage, loss, or pilfering of parts in storage. Further, it will give Production Control the ability to keep track of work in process.</p> <p>2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? After an engine or component is disassembled and cleaned, the parts are examined to determine if they require repair or replacement. Those parts that require no work are routed to material storage, where they remain while awaiting the rest of the parts of the kit. A kit is the set of all parts or assemblies that make up an engine or component. Since lead times for the repair or replacement of parts differ, at any given time the different kits will be in varying stages of completion. The Production Controller (PC) is responsible to ensure that kits are complete before they are sent to be reassembled. In order to maintain schedules, the PC must continually evaluate the locations of the parts of the kits to adjust priorities. Currently, the PC keeps manual logs and must physically locate kits. To get to the kits, which are stored on various types of conveyors, he must move the conveyors around until the correct one is found. With the new system, the PC will be able to locate parts of a kit quickly, via computer.</p> <p>Aside from the time consuming task of locating specific parts on conveyors, the current storage method also makes poor use of space. Many of the parts are stored in an open area formerly used by Production but now cleared out. The area is always full, and PCs continually move parts around trying to fit more in. Consequently, parts "spill over" into aisles, hindering flow of people and materials, and increasing risk of damage from collision with trucks or fork lifts. Also, the fact that conveyors are moved around so often to locate parts or squeeze in more parts means that each part is handled more often, increasing labor cost and risk of damage. By installing a racking system, vertical space can be used, increasing the overall capacity and minimizing handling moves.</p> <p>Another problem with an open storage system is the lack of security. PCs offer anecdotal evidence of "backrobbing" of parts by artisans. Backrobbing, or diverting, is the practice of removing a part from one assembly and placing it on another. For example, suppose an engine kit is being assembled, and it lacks one part. Suppose another kit with a later due date has that part. By putting the part from the second kit onto the first, the first can be completed and sold. The part that the first kit was waiting for could then be installed on the second, when it is completed. Backrobbing can be a useful tool to help PCs maintain control of the schedule, but accurate accounting of parts is vital. When artisans, rather than PCs perform the divertings, control is lost, and PCs must then try to figure out where parts are. It quickly becomes an administrative and logistical nightmare. The new storage system would not only provide needed security of the parts, but also would allow the controllers to make accounting changes for divertings automatically, providing the necessary configuration control.</p> <p>Finally, the lack of control results in excess inventory. Because of accounting problems with the current method, parts are "lost" in the system. That is, if accounting is not correctly performed following divertings, PCs have no way of knowing where substitute parts are. Since engines are sometimes inducted missing parts, and since it is often quicker to order parts from supply than locating lost parts in the shops (which may or may not even be there), PC sometimes orders parts from supply that are in duplication of parts out in the shops. This results in excess inventory.</p>																																

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)		A. FY2003 PRESIDENT'S BUDGET
B. Department of the Navy/Depot Maintenance/Aviation Depot	C. MATERIAL HANDLING SYSTEM, BUILDING 133 6DF2EL0090PN	Cherry Point

3. WHAT ALTERNATIVES HAVE BEEN CONSIDERED?

The following alternatives have been considered;

1. Status Quo - Continue to process storage, kitting, and retrieval of parts completely manually.
2. Procure a manual Storage, Kitting, and Retrieval System that would still allow electronic inventory and accounting of parts and kits.
3. Procure a high-bay Automated Storage, and Retrieval System that would automatically store and retrieve parts while allowing Production Control to maintain inventory and accounting of parts and kits electronically. The system would be housed in a newly constructed addition to Building 133.

Alternative # 1 was not chosen. Business as usual will not result in any substantial process savings, nor would it increase capacity and efficiency of storage space.

Alternative # 2 was not chosen. Due to vertical space constraints in Building 133, there would not be sufficient number of bins to justify a capital expenditure for a system that would not relieve congestion nor free up additional space for production.

Alternative #3 was chosen. By housing an automated storage and retrieval system in a newly constructed 45'H addition to the building, security and control of parts can be achieved while increasing overall storage capacity and production space.

4. IMPACT IF NOT ACQUIRED.

Production control would continue to be inefficient. Work-in-process would increase and eventually take over space that production uses to stage work. Parts would be damaged and require reprocessing, which would increase costs and turnaround time. It would reduce competitiveness and, ultimately, the Depot's ability to support its customers.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FY2003 PRESIDENT'S BUDGET		
B. Department of the Navy/Depot Maintenance/Aviation Depot							C. COORDINATE MEASUREMENT MACHINE 6DF2EL0150PP				Cherry Point	
		2000			2001			2002				
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
INVESTMENT COST							1	1500	1500			
OPERATIONAL DATE		30-Jun-03										
<u>METRICS:</u>		<u>AVOIDANCE</u>		<u>SAVINGS</u>		<u>TOTAL</u>						
PROJECTED ANNUAL SAVINGS		\$31,205		\$0		\$31,205						
AVERAGE ANNUAL SAVINGS (Discounted)		\$19,174		\$0		\$19,174						
PAYBACK PERIOD		NA		#DIV/0!		NA						
RATE OF RETURN (ROR)		1%		0%		1%						
PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)												
<p>1. DESCRIPTION & PURPOSE OF PROJECT.</p> <p>The project proposes to procure a coordinate measurement machine for the Precision Measurement Center (PMC) located at the Naval Engine Airfoil Center (NEAC). The PMC is requesting that a new high precision Gantry style design coordinate measurement machine with a large volumetric measurement envelope be procured.</p> <p>2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?</p> <p>The Precision Measurement Center (PMC) presently utilizes two coordinate measurement machines (CMMs) in performing geometrical inspection and calibration requirements involving the following programs: First Article Inspection, Product Verification Inspection, Surplus Inspection, Engineering Investigations, Production Support, Calibration Support and Reverse Engineering Processes. The scheduled workload for the PMC has both CMMs being utilized full-time. The shop is experiencing high turn-around time due to the backlog at the two machines. The new proposed machine would eliminate the current backlog, reduce turn-around-time, and provide for new workload capabilities such as airframe and dynamic component fixtures and alignment jigs, large gear measurement, airfoil wings, propellers and rotor blades. The new CMM would also allow for safer handling of large components due to the gantry design. A large percentage of the components being inspected within the PMC are very heavy and take up a large volumetric measurement area of the CMM. Only one of the CMMs is capable of handling these large and heavy components and this CMM is being utilized on two shifts. To load these large and heavy components onto the CMM a Jib Crane must be utilized. This creates not only a safety issue to the technician loading the component onto the CMM but also possible damage to the CMM or the component if the component were to bump into or drop onto the CMM. Overall operational cost would increase as a result of adding a third machine to the process. However, the increase would be well justified by the expected gains in productivity. In essence, for every additional dollar spent on operating expenses, the PMC's productivity would increase by a factor of 1.45. Financially speaking, for every additional \$1 spent on operating expenses relative to the project, the PMC would gain \$1.45 in revenues.</p> <p>3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?</p> <p>Maintain Status Quo - Based on current capacity, the PMC's has an annual processing deficiency of 1,920 hours. The ideal situation would be to increase the PMCs capacity so that all planned workload could be processed.</p> <p>Procure a new coordinate measurement machine - Eliminates safety concerns relative to loading heavy parts onto the existing coordinate measurement machine and reduces backlog and turn-around-time by adding a third machine to an already fully burdened process. By adding a third machine to the process, the PMC would have sufficient capacity to eliminate it's current processing deficiency.</p> <p>4. IMPACT IF NOT ACQUIRED.</p> <p>Because of insufficient capacity, the Precision Measurement Center has an annual processing deficiency of 1,920 hours. Per the Naval Engine Airfoil Center's Business Operations Division Director, NEAC incurs lost revenues in the amount of \$130 for every hour of backlog.</p> <p>Lost Revenues: 1,920 Hrs / Yr x \$130 / Hr = \$249,600 / Yr</p> <p>5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.</p>												

CAPITAL PURCHASES JUSTIFICATION										A. FY2003 PRESIDENT'S BUDGET																						
(Dollars in Thousands)																																
B. Department of the Navy/Depot Maintenance/Aviation Depot							C. WATER JET ROUTER			6DE2EL0320PP		Jacksonville																				
	2000			2001			2002																									
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost																							
INVESTMENT COST							1	1330	1330																							
OPERATIONAL DATE 1-Jun-03 METRICS: <table style="width:100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: center;"><u>AVOIDANCE</u></td> <td style="text-align: center;"><u>SAVINGS</u></td> <td style="text-align: center;"><u>TOTAL</u></td> </tr> <tr> <td>PROJECTED ANNUAL SAVINGS</td> <td style="text-align: right;">\$0</td> <td style="text-align: right;">\$1,007,403</td> <td style="text-align: right;">\$1,007,403</td> </tr> <tr> <td>AVERAGE ANNUAL SAVINGS (Discounted)</td> <td style="text-align: right;">\$0</td> <td style="text-align: right;">\$619,005</td> <td style="text-align: right;">\$619,005</td> </tr> <tr> <td>PAYBACK PERIOD</td> <td style="text-align: right;">#DIV/0!</td> <td style="text-align: right;">1.5</td> <td style="text-align: right;">1.5</td> </tr> <tr> <td>RATE OF RETURN (ROR)</td> <td style="text-align: right;">0%</td> <td style="text-align: right;">47%</td> <td style="text-align: right;">47%</td> </tr> </table>														<u>AVOIDANCE</u>	<u>SAVINGS</u>	<u>TOTAL</u>	PROJECTED ANNUAL SAVINGS	\$0	\$1,007,403	\$1,007,403	AVERAGE ANNUAL SAVINGS (Discounted)	\$0	\$619,005	\$619,005	PAYBACK PERIOD	#DIV/0!	1.5	1.5	RATE OF RETURN (ROR)	0%	47%	47%
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PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.) <div style="margin-top: 10px;"> 1. DESCRIPTION & PURPOSE OF PROJECT. Project shall provide for the purchase and installation of an additional water jet routing system to expand the current capacity of the existing installation. </div> <div style="margin-top: 10px;"> 2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? The current system is unable to meet the current component processing demand because of operational capacity. The equipment is currently being run during two shifts along with 2 additional hours of post shift labor for each period or a combined 20 labor hours per day. Although the equipment has scheduled maintenance performed the current workload is prematurely wearing the machine out. </div> <div style="margin-top: 10px;"> 3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? The water jet routing process has proved to be a valuable tool to remove plasma and plated surface materials with great accuracy and speed without adversely affecting the constituent nature of the component. The blasting and grind methods have proved inefficient and time consuming and are not as consistent in removal as the water jet system. </div> <div style="margin-top: 10px;"> 4. IMPACT IF NOT ACQUIRED. Immediate impact of project is that the current machine will wear out and we will lose the established capability to process parts with the use of the current equipment and will not have the capacity for future planned F-414 workload. </div> <div style="margin-top: 10px;"> 5. IDENTIFY LOCAL, STATE, and FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable. </div>																																

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FY2003 PRESIDENT'S BUDGET																						
B. Department of the Navy/Depot Maintenance/Aviation Depot							C. JIG GRINDER			6DF3EL0170PP		Cherry Point																				
	2000			2001			2002			2003																						
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost																				
INVESTMENT COST									0	1	1000	1000																				
OPERATIONAL DATE 1-Aug-04 METRICS: <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right;"><u>AVOIDANCE</u></th> <th style="text-align: right;"><u>SAVINGS</u></th> <th style="text-align: right;"><u>TOTAL</u></th> </tr> </thead> <tbody> <tr> <td>PROJECTED ANNUAL SAVINGS</td> <td style="text-align: right;">\$338,600</td> <td style="text-align: right;">(\$500)</td> <td style="text-align: right;">\$338,100</td> </tr> <tr> <td>AVERAGE ANNUAL SAVINGS (Discounted)</td> <td style="text-align: right;">\$208,055</td> <td style="text-align: right;">(\$307)</td> <td style="text-align: right;">\$207,748</td> </tr> <tr> <td>PAYBACK PERIOD</td> <td style="text-align: right;">3.7</td> <td style="text-align: right;">-55.6</td> <td style="text-align: right;">3.7</td> </tr> <tr> <td>RATE OF RETURN (ROR)</td> <td style="text-align: right;">21%</td> <td style="text-align: right;">0%</td> <td style="text-align: right;">21%</td> </tr> </tbody> </table>														<u>AVOIDANCE</u>	<u>SAVINGS</u>	<u>TOTAL</u>	PROJECTED ANNUAL SAVINGS	\$338,600	(\$500)	\$338,100	AVERAGE ANNUAL SAVINGS (Discounted)	\$208,055	(\$307)	\$207,748	PAYBACK PERIOD	3.7	-55.6	3.7	RATE OF RETURN (ROR)	21%	0%	21%
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PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.) <div style="margin-left: 20px;"> <p>1. DESCRIPTION & PURPOSE OF PROJECT. Addition of one jig grinder in the Machine Repair Shop 93562.</p> <p>2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?</p> <p>The Machine Repair Shop 6.2.93662 is responsible for the machine repair of military aircraft parts/components. As aircraft Programs like the H-46 and H-53 continue on with a longer service life than was even intended by the original aircraft designers, it is essential that we provide reliably maintained aircraft for the warfighter. In order to cost effectively repair the aircraft, it is essential that this Depot support and maintain the machinery and equipment required to support our operations. There has been a substantial addition to H-46 workload in the form of Dynamic Component Upgrade (DCU) of the rotorhead. A few years ago there was an engineering change that replaced the main parts/components of the rotor heads. These new parts/components now have to start coming back in for repair. This workload is adding hours to our equipment due to the the shorter flight cycles on the rotorheads each time they are returned to service after repair. With this increased workload we will need another jig grinder at 2/3 capacity (two of three possible shifts) to support the workload. This finding is a result of planning and estimating accomplished by the 6.1.534 Industrial Engineering Branch of the Production Mgmt Dept; the 6.2.935 Machine Branch; and verified by 6.3.615 Equipment Planning and Engineering.</p> <p>3. WHAT ALTERNATIVES HAVE BEEN CONSIDERED?</p> <p>a. Status quo: Use the existing machines to support the DCU workload increase. This will result in the Depot not being able to keep up with production requirements, thereby impacting fleet readiness.</p> <p>b. Rebuild/Replace existing machine: This alternative was explored. However, the cost of a rebuild or replacement combined with the fact that we will not be able to meet anticipated production requirements shows that buying a new additional machine is the best alternative.</p> <p>c. Procure additional machine: Considered to be the most cost effective alternative.</p> <p>4. IMPACT IF NOT ACQUIRED. This will result in the Depot not being able to keep up with production requirements for H46 Rotor Head Repair, thereby impacting fleet readiness.</p> <p>5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.</p> </div>																																

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FY2003 PRESIDENT'S BUDGET																						
B. Department of the Navy/Depot Maintenance/Aviation Depot							C. BLADE TIP AND STATOR GRINDING EQUIPMENT			6DF3EL0176PN		Cherry Point																				
	2000			2001			2002			2003																						
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost																				
INVESTMENT COST									0	1	1500	1500																				
OPERATIONAL DATE 1-Aug-04 METRICS: <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right;"><u>AVOIDANCE</u></th> <th style="text-align: right;"><u>SAVINGS</u></th> <th style="text-align: right;"><u>TOTAL</u></th> </tr> </thead> <tbody> <tr> <td>PROJECTED ANNUAL SAVINGS</td> <td style="text-align: right;">\$1,456,346</td> <td style="text-align: right;">\$51,000</td> <td style="text-align: right;">\$1,507,346</td> </tr> <tr> <td>AVERAGE ANNUAL SAVINGS (Discounted)</td> <td style="text-align: right;">\$894,862</td> <td style="text-align: right;">\$31,337</td> <td style="text-align: right;">\$926,199</td> </tr> <tr> <td>PAYBACK PERIOD</td> <td style="text-align: right;">1.1</td> <td style="text-align: right;">NA</td> <td style="text-align: right;">1.1</td> </tr> <tr> <td>RATE OF RETURN (ROR)</td> <td style="text-align: right;">60%</td> <td style="text-align: right;">2%</td> <td style="text-align: right;">62%</td> </tr> </tbody> </table>														<u>AVOIDANCE</u>	<u>SAVINGS</u>	<u>TOTAL</u>	PROJECTED ANNUAL SAVINGS	\$1,456,346	\$51,000	\$1,507,346	AVERAGE ANNUAL SAVINGS (Discounted)	\$894,862	\$31,337	\$926,199	PAYBACK PERIOD	1.1	NA	1.1	RATE OF RETURN (ROR)	60%	2%	62%
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PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.) <div style="border: 1px solid black; padding: 5px;"> <p>1. DESCRIPTION & PURPOSE OF PROJECT. Addition of Capability for the blade tip and stator grinding of the compressor sections of T-58 and T-64 Engines; in the Machine Repair Power Plant Shop 93667.</p> <p>2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? The existing machine/set up, and other processes for blade tip grinding are very antiquated and technologically obsolete. The Blade Tip Grinder is a combination of a conventional OD grinder for grinding the blade tips while the compressor is rotating; and a guage block/dial indicator set up for measuring the blade tips while static mounted on the grinder. The machine needs to be either rebuilt or replaced due to the flight criticality of the high pressure compressor (HPC). As HPC rebuilds and blade replacements become more critical than ever on aging, mission critical, warfighting aircraft, it is essential that we use the highest quality equipment feasible to ensure longer lasting engines, flight safety and pilot safety. HPC's are regularly rejected during engine testing due to HPC low efficiency/performance. This is directly attributable to blade length which is measured and ground on the subject equipment. Blade length is a critical factor in HPC performance, and must be of the precise required length. In engineering theory, if the blades are too short they will hurt the performance of the engine and result in a shorter life cycle of the engine in-service. If they are too long they will "rub"the compressor housing, resulting in blade failures, and/or titanium fires, both of which can result in disastrous in-flight failure. In addition to the technology concerns with the existing equipment, there are increasing maintenance costs with associated downtime. This is the only machine in the Depot with this capability, so having the machine up all most of the time is of the highest priority. The mission of the Shop with regard to this particluar job, is to ensure that the highest possible compressor efficiency and end user requirements. Significantly better results could be obtained with new sate of the art grinding and measuring equipment. Besides the F402/6/8 engine program, product/aerospace engineering competencies for the T-58 (H-46), and T-64 (H-53) have identified the need for a blade tip grinder; in order to improve compressor/engine performance. This need is based on the Engineering Reliability and Improvement program (ERIP); which is a joint effort by the Navy and General Electric (the original maufacturer of the T-58 and T-64 engines) to rebuild several T-58 engines and make them "like new". A key element of the ERIP is the "match grind" of the compressor rotor and compressor housing stator blades. We currently are hand grinding and measuring the blade tips on these compressors. There are a few suppliers that offer combinations of a variety of grinders and measurement systems specifically designed for blade tip and stator grinding and measurement. In order to produce quality engines, on time and on schedule, it is essential that we replace the existing equipment. Without this replacement Depot capability and in turn, fleet readiness, will be impaired.</p> <p>3. WHAT ATERNATIVES HAVE BEEN CONSIDERED?</p> <p>a. Status quo: Keep the machine in operation as is and continue to put up with: high production costs associated with test cell rejects and rework of rejected compressors, in order to produce a quality product; also high maintenance costs, maintenance downtime; overall engine program impairment to efficiently and cost effectively meet customer demand for products.</p> <p>b. Rebuild: This alternative was explored. However, due to the age of the existing grinder (at least 35 years old), and the technological obsolesence of the measurement system; a rebuild is not considered cost effective. With the quality improvement advantage, afforded by a new machine with all grinding, measurement, control and programming features "designed in" to the machine versus retrofitted; our economic analysis will show that buying new is the best alternative.</p> </div>																																

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)		A. FY2003 PRESIDENT'S BUDGET
B. Department of the Navy/Depot Maintenance/Aviation Depot	C. BLADE TIP AND STATOR GRINDING EQUIPMENT 6DF3EL0176PN	Cherry Point

- c. Replace: Same as Rebuild. This option will not acheive desired/required results for the T-58 and T-64 engine programs.
- d. Buy new: This option will acheive the desired required results, by procuring a system specifically designed for the T-58 and T-64 engines, that will provide "match grinding" capability; thereby maintaining the results achieved from ERIP and improving flight quality and duration between maintenance cycles.
4. IMPACT IF NOT ACQUIRED. Continue to put up with high maintenance costs, maintenance downtime, and shop inability to efficiently and cost effectively meet customer demand for products. Significant impairment of Warfighter capabilities
5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FY2003 PRESIDENT'S BUDGET			
B. Department of the Navy/Depot Maintenance/Aviation Depot							C. ADVANCED PAINT STRIPPING SYSTEM				6DE1EL0246PE		Jacksonville
	2000			2001			2002			2003			
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	
INVESTMENT COST			0	1	2705	2705			0			0	
OPERATIONAL DATE 31-Jul-98 METRICS: AVOIDANCE SAVINGS TOTAL PROJECTED ANNUAL SAVINGS \$0 \$218,757 \$218,757 AVERAGE ANNUAL SAVINGS (Discounted) \$0 \$134,417 \$134,417 PAYBACK PERIOD #DIV/0! NA NA RATE OF RETURN (ROR) 0% 5% 5%													
PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.) 1. DESCRIPTION & PURPOSE OF PROJECT. Relocate to Hangar 101S the existing temporary Plastic Media Blasting (PMB) operations in Hangar 122 by replacing the Vinyl covered moveable enclosure booth and portable Aerolyte blasters with a new state-of-the-art permanent metal PMB Booth , capable of housing all small aircraft (F/A-18, F-14, EA-6, S-3, H-60), except P-3 Aircraft. (P-3 Aircraft are expected to be chemically stripped in Hangar 101S without the need for additional Plastic Media Blasting.) 2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? Environmental requirements have prohibited the further use of Methylene Chloride (a Hazardous Air Pollutant or "HAP" chemical paint stripper). The replacement NON-HAP chemical strippers are not as effective in removing paint. Plastic Media Blasting has to be employed to remove the paint that the NON-HAPS chemicals can't remove. Both chemical paint stripping and PMB blasting were being performed in Hangar 101S. This Hangar is not equipped with the required ventilation and filtration equipment mandated by NESHAP and OSHA to reduce personnel exposures to Cadmium and other hazardous metal dusts generated during blast operations. The only area equipped with a NESHAP/OSHA compliant filtered ventilation system and capable of supporting the PMB operations was Hangar 122. Hangar 122 was being used primarily for painting and priming of aircraft. In order to keep most of the PMB dusts from contaminating the painting/priming operations, and to comply with NESHAP/OSHA regulations, a <u>temporary</u> portable Enclosure was procured and installed as a "stop gap" measure. With four aging portable blasters, this temporary set-up is the <u>ONLY</u> operational system that allows NADEPJAX to fulfill its mission and obligations to the Fleet. The purchase and installation in Hangar 101S of this state-of-the-art, stand alone permanent new metal PMB System will ensure compliance with OSHA/NESHAP Regulations for Environment and personnel protection and will maximize the chances for NADEPJAX to meet its Production obligations to the Fleet. 3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? A FlashJet Coatings Removal System was considered , along with a Fluidized Bed, Sodium Bicarbonate Blasting and Vibratory System . Investigations found that each system was unsatisfactory for reasons of cost, limited application, reliability, corrosion, temperature constraints and lengthy stripping time. Due to the size of the items being stripped, the use of smaller walk-in booths and glove boxes is impractical, since it will require massive dismantling of the Aircraft. Risk avoidance by way of contracting out the stripping functions is not viewed as a realistic solution . A Contractor's ability to process parts, components or whole Aircrafts could ultimately determine the NADEP's ability to meet Fleet Aircraft schedules and Programs , specially in times of crisis (Middle East and Balkans Regions). The procurement and installation of this new permanent system with improved ventilation, air filtration and reliability (along with the available HAPS chemical strippers) is considered the best combination to comply with existing regulations and to ensure adequate support for present and projected workloads. 4. IMPACT IF NOT ACQUIRED. If the temporary PMB System in Hangar 122 is unable to meet production needs and/or maintain compliance with NESHAP/OSHA requirements, the COMPLETE paint stripping, painting and priming operations could be subject to a shutdown. 5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT As previously indicated, this project is a combination of Production, Replacement and Environmental/Safety needs. For Cadmium, compliance is mandated under 29 CFR 1910.1027 (g) and (f)(1)(iv), which has been law since 1992. Environmental compliance is mandated under the National Emissions Standards for Hazardous Air Pollutants -Aerospace (NESHAP).													

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FY2003 PRESIDENT'S BUDGET																						
B. Department of the Navy/Depot Maintenance/Aviation Depot							C. 5-AXIS MACHINING CENTER (OM-3) 6DC3EL0485PR			D. North Island																						
	2000			2001			2002			2003																						
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost																				
INVESTMENT COST			0			0			0	1	1,750	1,750																				
OPERATIONAL DATE 15-Jul-04 METRICS: <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right;"><u>AVOIDANCE</u></th> <th style="text-align: right;"><u>SAVINGS</u></th> <th style="text-align: right;"><u>TOTAL</u></th> </tr> </thead> <tbody> <tr> <td>PROJECTED ANNUAL SAVINGS</td> <td style="text-align: right;">\$615,927</td> <td style="text-align: right;">(\$29,560)</td> <td style="text-align: right;">\$586,367</td> </tr> <tr> <td>AVERAGE ANNUAL SAVINGS (Discounted)</td> <td style="text-align: right;">\$378,460</td> <td style="text-align: right;">(\$18,163)</td> <td style="text-align: right;">\$360,297</td> </tr> <tr> <td>PAYBACK PERIOD</td> <td style="text-align: right;">3.5</td> <td style="text-align: right;">-20.3</td> <td style="text-align: right;">3.7</td> </tr> <tr> <td>RATE OF RETURN (ROR)</td> <td style="text-align: right;">21.6%</td> <td style="text-align: right;">-1.0%</td> <td style="text-align: right;">20.6%</td> </tr> </tbody> </table>														<u>AVOIDANCE</u>	<u>SAVINGS</u>	<u>TOTAL</u>	PROJECTED ANNUAL SAVINGS	\$615,927	(\$29,560)	\$586,367	AVERAGE ANNUAL SAVINGS (Discounted)	\$378,460	(\$18,163)	\$360,297	PAYBACK PERIOD	3.5	-20.3	3.7	RATE OF RETURN (ROR)	21.6%	-1.0%	20.6%
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PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.) <div style="border: 1px solid black; padding: 5px;"> <p>1. DESCRIPTION & PURPOSE OF PROJECT. This project is a direct replacement for an existing old worn out end-forming machine (00246014853). The existing machine and tooling is 50 years Old. This machine is very inefficient, the machine and tooling is completely worn out. This project will be to replace the existing asset complete with tooling for a machine with the same capacities. <i>THE EXISTING END FORMING MACHINE (00246014853), MANUFACTURED IN 1949, IS FULLY DEPRECIATED AND WILL BE EXCESSED VIA DRMO WITHIN 30 DAYS OF THE OPERATIONAL DATE OF THIS PROJECT.</i></p> <p>2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? The deficiency with this equipment is that it does not hold tolerance, also tubing being worked slips in the dies causing damage that scraps the tubing.</p> <p>3. WHAT ALTERNATIVES HAVE BEEN CONSIDERED?</p> <p>a. Do nothing – status quo: If we do nothing we will not be able to do end forming or swaging in the future. The equipment we have now is the only one at NADEPNI that does this type of work.</p> <p>b. Contract out: Contracting out this workload is not feasible due to the inconsistency in work load and job lot sizes. Other reasons for not contracting out is cost, contracting time, and schedule requirements.</p> <p>c. Rebuild existing machine: This machine is not a candidate for rebuild because of its age.</p> <p>d. Buy new machine: A new machine would solve our current problems with end forming and swaging.</p> <p>e. Move workload: There is no other equipment that the workload can be moved to.</p> <p>4. IMPACT IF NOT ACQUIRED: If this project is not approved the NADEPNI will lose capability to do end forming or tube swaging.</p> <p>5. IDENTIFY LOCAL, STATE AND FEDERAL REGULATION IF ENVIRONMENTAL PROJECT: N/A</p> </div>																																

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FY2003 PRESIDENT'S BUDGET		
B. Department of the Navy/Depot Maintenance/Aviation Depot							C. DEPOT MAINTENANCE SYSTEMS HARDWARE REPLACEMENT 7DN2KL0003GR				D. NADEP	
							2002			2003		
Element of Cost							Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
CHERRY POINT							1	VAR	3,000	1	VAR	2,957
JACKSONVILLE							1	VAR	970	1	VAR	1,350
NORTH ISLAND										1	VAR	3,000
TOTAL INVESTMENT COST							2	VAR	3,970	3	VAR	7,307

<u>OPERATIONAL DATE:</u>	<u>FOC 2003</u>					
	<u>AVOIDANCE</u>	<u>SAVINGS</u>	<u>TOTAL</u>			
<u>METRICS:</u>						
PROJECTED ANNUAL SAVINGS	\$2,230,803	\$0	\$2,230,803			
AVERAGE ANNUAL SAVINGS (Discounted)	\$1,691,300	\$0	\$1,691,300			
PAYBACK PERIOD	4.2%		4.2%			
RETURN ON INVESTMENT (ROI)	23%		23%			

PROJECT INFORMATION NARRATIVE:

1. **DESCRIPTION & PURPOSE OF PROJECT.**
 The Naval Air Depots are implementing Defense Maintenance (DM) system applications, which are crucial to the efficient operation of our Depot-Level maintenance mission. The Depot's requirements for readiness and to produce quality products in a timely manner dictate a great dependency upon their computer systems. This requires our computer systems to be highly available, functional, fast, and redundant. Many of the DM applications have been implemented and are growing or need modifications. Some DM applications are still being implemented. The computer system requirements for the DM applications are growing daily, well beyond the planned bounds that were estimated 5 years ago. This project is required to update and provide needed capability for Depots facility's MRP and other DM programs automated resources. The DM systems are in such a high rate of growth and change, that by FY2002, the technological changes in server technology will be a critical item.

2. **WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?**
 The deficiency is based on three issues: the current and near future computer system requirements of the DM system applications; the lack of expandability of the current equipment to meet the DM system application requirements; and the age of the current computer systems. The new technology upgrade will be twice as fast and will run under a 64-bit platform. This will speed up all points of data throughput and provide redundant system capability in all areas. Additionally, the following cost-avoidance efforts should be considered:

a. Time-savings: The present method runs Depot DM applications on either T520 or T600 computer systems. The T520's are 32-bit operating systems which run at around 180MHZ per system. Although the T600 can operate in a 64-bit environment, it still runs at only 180MHZ speed. The new V-class system runs at 2.5 times the present system plus the fact that the differences in internal bus architecture on the V-class machines should add another .5 times to the speed. If it's assumed that applications software takes full advantage of the new system, reports and programs should run between 2 and 3 times faster than at present. This in essence reduces man-hours compared to what they are now. (This includes both general user man-hours and man-hours expended by 7.2.4 personnel in backups/restores.)

b. Electrical costs: Under the present method, there are 4 30-amp systems running in the computer room. Under the new system, these will be replaced by 1 30-amp computer system. This reduces electrical power used by DM systems to ¼ of what it is presently plus the fact that air-conditioning costs will decrease due to only 1 system being used.

c. Square footage: Under the present system, 48 square feet is being used by 4 independent systems. This figure is conservative, because it doesn't count provision of air space between these systems. Under the new system, only 12 square feet of floor space would be consumed. At \$55 per square foot which is a conservative construction/reconstruction figure, there is a one-time savings of \$1,980 in square footage usage.

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)		A. FY2003 PRESIDENT'S BUDGET
B. Department of the Navy/Depot Maintenance/Aviation Depot	C. DEPOT MAINTENANCE SYSTEMS HARDWARE REPLACEMENT 7DN2KL0003GR	D. NADEP

PROJECT INFORMATION NARRATIVE:

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?

Maintain Status Quo- The status quo is not acceptable and all alternatives known or planned by Information Management Division (7.2.4) or Hewlett Packard have been tested and implemented. As more requirements for DM Systems and MRP data is required, batch processing time will become more unreasonable to support. Another alternative is to upgrade the already obsolete T520 systems to T600 systems which are also obsolete, but they are 64 bit, 180MHz. With that upgrade, the RAM can be upgraded to 7 GB addressable. The alternative system will run slightly faster; however, it is estimated that we will out grow it. This system does not have access to newly manufactured components either; all components obtained for this system are remanufactured. The cost estimate for this alternative is over one million dollars for refurbished equipment that might not be supported by HP by 2002/2003. This alternative is therefore not recommended. Recommended is the phased replacement of the increasingly overburdened systems with newer, more expandable systems that would provide expansion capability, lesser possibility of failure, increased reliability, decreased support cost, and stable, fast DM system applications for the successful achievement of the mission of the Depot.

4. IMPACT IF NOT ACQUIRED.

Downtime will increase due to higher failure rates of the increasingly overburdened equipment, thus impacting production negatively. Eventually, the overloaded systems will reach critical capacity that will render them unable to handle the volume of data from the MRP II and other DM applications. System crashes will become more likely. Support cost will increase. With the conversion of our business rules to match the MRP II way of doing business, a significant MRP II system crash would significantly damage the timely repair of aircraft as there will be no paper or other methods of doing business while MRP II is down. Expansion of the current system to support ever-evolving requirements will not be possible.

5. IDENTIFY LOCAL STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not applicable.

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FY2003 PRESIDENT'S BUDGET		
B. Department of the Navy/Depot Maintenance/Aviation Depot							C. INDUSTRIAL BUSINESS OPERATIONS SYSTEM			6DF3KL0152GP		
										Cherry Point		
		2000		2001		2002		2003				
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
INVESTMENT COST										1	1000	1000
OPERATIONAL DATE		29-Nov-99										
METRICS:		AVOIDANCE		SAVINGS		TOTAL						
PROJECTED ANNUAL SAVINGS		\$350,916		\$500		\$351,416						
AVERAGE ANNUAL SAVINGS (Discounted)		\$266,050		\$379		\$266,429						
PAYBACK PERIOD		3.5		NA		3.5						
RATE OF RETURN (ROR)		27%		0%		27%						
PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)												
<p>1. DESCRIPTION & PURPOSE OF PROJECT. The Industrial Business Operations System (IBOS) is an initiative to provide state-of-the-art information systems technology to the NADEP. In order to do this, hardware platforms must be provided that enable scalable, redundant and fault-tolerant systems. A fault-tolerant redundant system would practically eliminate downtime due to a system or system component failure. However, the depot will still experience downtime due to other failures such as: network outages, operator errors, and power outages. This project is planned to allow the graceful replacement/upgrade of existing computer room hardware suites (non-Unix O/S). The proposed project is planned to provide a more robust and scalable solution to meet the ever growing needs of the depot's critical business systems currently running or being planned (employee central, task tracking, decal, safety, open purchase, workflow management, etc) by providing high performance processing, system reliability and large storage capacity. Servers that can provide the processor speed, disk storage and disk access (IO) speeds to sustain the ever-growing requirements for the NADEP and have the characteristics of scalability, redundancy and fault-tolerance cost on average \$66,000. The replacement cost of the 15 servers mentioned above approaches \$1,000,000. The remaining \$250,000 is to procure 4 new servers as required by new initiatives. While it is true that new servers will have more power and capacity than the ones they replace, more users, applications and storage requirements will consume much of the increased capabilities they offer. It behooves us to plan for these requirements aggressively, in order to maintain our ability to provide quality service to our customers regardless of cost or schedule.</p> <p>2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? Currently, there are 30 NT servers running with 200 MHz or less Pentium Pro processors. Independent studies have indicated that the new operating systems in the pipeline for deployment in the next two to three years will not function well with processors running at this level. The overhead that these OS's will impose on the servers will severely restrict their ability to service the users, the applications and the security requirements. The high cost of downtime makes planning essential in environments with high availability requirements. The simplest model of downtime cost is based on the assumption that employees are made completely idle by outages, whether due to hardware, network, server, or application failure. In such a model, the cost of a service interruption is given by the sum of the labor costs of the idled employees, combined with an estimate of the business lost due to the lack of service. Several factors cause system outages: software failure, hardware failure, operator or procedural error, and environmental failures. Hardware failure accounts for up to 30% of all system outages, operating system and application failures combined account for slightly less than 35% of all unplanned downtime. Hardware failures occur most frequently in mechanical parts such as fans, disks, or removable storage media. Failure in one component may induce failure in another. For example, defective or insufficient cooling may induce memory failures, or shorten the time to failure for a disk drive. Software failures result from crashes of the operating system kernel and ill-behaved applications. Windows NT 4.0 can crash due a variety of reasons, such as memory leaks, loss of disk swap space, and maverick applications that overwhelm the OS's resources. When the equipment is down it has a negative impact on production, which in turn effects the productivity of the depot. Last year the servers were down for over 40 hours (database servers were down for 24 hours due to hard drive failures and external disk drive failures; file and print servers were down for 16 hours due to power supply failure), causing considerable loss of productive work time. Database servers provide business critical data for the day-to-day operation of the NADEP.</p>												

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)		A. FY2003 PRESIDENT'S BUDGET
B. Department of the Navy/Depot Maintenance/Aviation Depot	C. INDUSTRIAL BUSINESS OPERATIONS SYSTEM 6DF3KL0152GP	Cherry Point

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? a) Status Quo: Keep maintaining the current hardware and software, which is not effective or practical in the long run, because the system will eventually fail completely. b) Alternative 1: Procure new hardware and software, which will increase reliability of systems and reduce support cost. New requirements arise frequently that demand a server platform above and beyond what our current systems can provide. We project at least 15 new servers will be needed in the next two to three years. Using the same cost per server as listed above, this amounts to \$1,000,000, plus \$250,000 to new systems.

4. IMPACT IF NOT ACQUIRED. Increased maintenance cost. The systems will eventually fail. A reduction in productivity of production and production support.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FY2003 PRESIDENT'S BUDGET		
B. Department of the Navy/Depot Maintenance/Aviation Depot							C. NAVAIR DEPOT MAINTENANCE SYSTEM - NDMS				D. NADEP	
							7DNDL0JT2GP					
	2000			2001			2002			2003		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
CHERRY POINT	1	VAR	3,513	1	VAR	2,606	1	VAR	1,953	1	VAR	1,488
JACKSONVILLE	1	VAR	3,834	1	VAR	2,949	1	VAR	2,142	1	VAR	1,632
NORTH ISLAND	1	VAR	3,967	1	VAR	5,114	1	VAR	2,205	1	VAR	1,952
TOTAL INVESTMENT COST	3	VAR	11,314	3	VAR	10,669	3	VAR	6,300	3	VAR	5,072
OPERATIONAL DATE: FOC 2004 AVOIDANCE SAVINGS TOTAL												
METRICS: AVERAGE ANNUAL SAVINGS (FY99 Dollar \$20,640 \$289,000 PAYBACK PERIOD FY04-12 RETURN ON INVESTMENT (ROI) 3.7 to 1												
PROJECT INFORMATION NARRATIVE: <p>1. DESCRIPTION & PURPOSE OF PROJECT.</p> <p>The NAVAIR Depot Maintenance System (NDMS) consists of acquiring (in specific cases), developing, implementing, and/or interfacing selected migration and legacy systems. Migration systems include a selected Production Management application, an Earned Value Management application, a Facilities Maintenance application and a Manufacturing Re-manufacturing , and Overhaul (MRO) solution, consisting of a Manufacturing Resource Planning application, and Advanced Planning and Scheduling application and several workbenches. NDMS also includes the necessary interfaces that integrated migration systems with select legacy systems and external applications. NDMS integration is a phased process. Phase I consists of NDMS implementation utilizing point-to-point interfaces integrating migration systems and NDMS workbenches. Phase II consists of final system integration utilizing a data warehouse architecture and the implementation of an Advanced Planning and Scheduling application. Phase II supports current NADEP decision support needs and provides the foundation for the ERP business model by establishing both technical commonality (combined data sets, integrated application databases) and streamlined business procedures. FY02-03 investments are primarily associated with continued Phase II (Integrated Data Environment) rollout to all sites, and required integration with the ERP initiatives. NDMS will provide the NADEPs the capability to exchange data between selected systems, facilitating the following functionality: Forecast and manage availability of depot materials, skills, and facility equipment; Review and negotiate workload and establish budgeted costs for forecasted workloads; Plan, design, develop work packages and schedule all production efforts; Collect data against plan - both labor hours and material usages (direct and indirect) by operation/activity as defined by production management; Cost account and financially track status of workload; and Standardize and synchronize the processes and information that cut across business areas within the sites.</p> <p>2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?</p> <p>The NAVAIR depot maintenance community is driven to improve business performance in the depots while reducing depot unit repair costs, increase depot response times to increase weapon and system availability, and standardize data and information systems to reduce the cost to improve information accuracy. The NAVAIR NDMS is using an evolutionary program strategy to deliver the enterprise functionality to support improved business processes required for effective depot maintenance operations across the Department of Defense. This functionality will be provided through the development of a suite of applications with critical interfaces to legacy and other major systems. These applications address major end item management, commodities repair, and specialized support (tool management, hazardous material management, enterprise information management, and interservice workload tracking). The objective is to provide to the user a suite of service specific migration applications with basic interfaces to the legacy environment.</p> <p>NAVAIR DMS will provide the Command a revolutionary step forward in functional capability and automation, including a systems infrastructure upon which to make significant strides in business process improvement. Benefits will be realized in two primary areas: business performance and information systems costs. Business performance will be enhanced through the process improvements delivered by DMS applications to support the Depot Maintenance Improved Functional Baseline (IFB). These improvements include:reducing cycle times to make more assets available to support the war fighter, providing accurate delivery schedules to support mission planning, reducing expenses and inventory to lower the cost to the war fighter, improving readiness, sustainment, and interoperability for the war fighter, reducing labor through better resource and work planning, reducing overhead through elimination of non value-added activity, and improving schedule performance through more complete asset visibility; once implementation is complete and legacy applications are reduced or eliminated, ADP costs will come down markedly.</p>												

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)		A. FY2003 PRESIDENT'S BUDGET
B. Department of the Navy/Depot Maintenance/Aviation Depot	C. NAVAIR DEPOT MAINTENANCE SYSTEM - NDMS DNDL0JT1GP	D. NADEP
<p><u>PROJECT INFORMATION NARRATIVE:</u></p> <p>3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? Maintain Status Quo- NAVAIR has not significantly invested in legacy system technology in six years. If selected, the NAVAIR budget for legacy system enhancement would need to be significantly increased without the benefit of improved business processes and standardized information systems.</p> <p>4. IMPACT IF NOT ACQUIRED. Without this investment, needed improvements to the depot business process and infrastructure will not be achieved. Implementation of repair and overhaul capabilities is critical toward improving mission readiness. As the DoD weapon systems continue to age, reductions to the workforce continue and the number of depots are reduced, efficient and effective organic repair capability is of increasingly growing importance to DoD in maintaining weapon systems combat readiness. In order to meet this demand, the depot community needs to dramatically strengthen its business processes and the associated information systems. NDMS is the enabler to achieving budgeted BPR savings, and is the foundation for the migration to ERP.</p> <p>5. IDENTIFY LOCAL STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not applicable.</p> <p>Justification of Funding Requirements NAVAIR accepted many of the JLSC Program estimates and assumptions at PMRT (1 October 98).</p> <p>(1) The JLSC believed that the MRP II COTS solution would be able to be deployed into a government aviation depot community with little to no modification. This assumption has been proven to be incorrect and numerous development projects (i.e. workbenches) are needed to fit the application into the Maintenance, Repair and Overhaul (MRO) environment that exists at the depots. The MRO workbench allows the MRP II application to operate in the depot environment as opposed to a purely manufacturing environment. The initial MRO workbench that was provided with the COTS product needed extensive redesign to address replacement factors in a re-manufacturing environment.</p> <ul style="list-style-type: none"> - The Master Production Scheduling workbench provided by with the COTS application proved to be dysfunctional and must be replaced by an Advanced Planning and Scheduling (APS) application. - The Integrated Support System (ISS) workbench addresses the functionality of interchangeability and substitutability of parts. This required functionality is not addressed in the COTS product. - The Depot Maintenance Data System workbench enhances the ability of the COTS product to report maintenance defects. - The Router workbench facilitates the development of the Bills of Material (BOM) and Routers. BOMs and routes are required to operate the MRP II application. <p>(2) JLSC instructed all of the Services that BAIM was the approved system for all product management functionality needs. The BAIM application proved insufficient to satisfy the requirements of the NADEP community after numerous failed attempts to fit the application into the NADEP business environment. After conducting a business process and alternative application review, NAVAIR selected a product management application and is currently defining interface requirements, testing in a Conference Room Pilot (CRP) and addressing the capabilities and detailed functionality needs of the NADEPs.</p> <p>(3) Specialized support applications that were approved by the JLSC have since been proven insufficient to the NAVAIR NADEP community. These systems include:</p> <ul style="list-style-type: none"> - Facilities and Equipment Maintenance (FEM) is being "upgraded" as FEMA - Hazardous Substance Management System (HSMS) has been discarded for an alternative Hazardous Material Management System (HMMS) <p>The FY01 priority is to complete Phase II development at NADEP North Island and begin migration of the data warehouse environment to NADEPs JAX and Cherry Point. NDMS Phase II supports current NADEP decision support needs and provides the foundation for the ERP business model by establishing both technical commonality (combined data sets, integrated application databases) and streamlined business procedures. The rollout to other sites will continue through FY02.</p> <p>Additionally, FY02/03 funding supports the upgrade of CompassContract Version 6.3 to Version 8.0. CompassContract 8.0 provides a major improvement in maintenance functionality and allows NAVAIR to access NADEP maintenance and operations from remote locations. This software upgrade will require NAVAIR to revise established training and process guides.</p>		

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)											A. FY2003 PRESIDENT'S BUDGET	
B. Department of the Navy/Depot Maintenance/Aviation Depot							C. ENTERPRISE RESOURCE PLANNING (ERP) 7DNDL0001GR				D. NADEP	
	2000			2001			2002			2003		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
CHERRY POINT	1	VAR	3,000	1	VAR	4,333	1	VAR	4,489	1	VAR	4,330
JACKSONVILLE	1	VAR	3,000	1	VAR	4,333	1	VAR	4,489	1	VAR	4,330
NORTH ISLAND	1	VAR	3,000	1	VAR	4,334	1	VAR	4,489	1	VAR	4,330
TOTAL NADEP	3	VAR	9,000	3	VAR	13,000	3	VAR	13,467	3	VAR	12,990

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT: As the Navy embarks on the Revolution in Business Affairs initiatives, Enterprise Resource Planning (ERP) is the strategic initiative chosen by the Department of Navy's Working Group (WG) on Commercial Business Practices (CBP). As a result of the decisions of the CBP WG the Naval Aviation Systems TEAM (TEAM) will reengineer and standardize processes, integrate operations and data to increase productivity, and optimize supply chain management. The Naval Air Systems TEAM (TEAM) intends to manage ERP as a corporate project with constituent parts. Proposed allocations are based on an evolving program plan. Multiple ERP pilots are planned throughout the Navy with functionality determined by the scope of each pilot. Per the CBP WG each ERP pilot will be funded by that WG member's organization. This submission is for a multi-year, Externally Developed Software (EDS) project that will integrate business processes and tools in the areas of financial accounting, materials management, plant maintenance, project systems, controlling and human resources. Functionality will encompass the following:

- Financial accounting: general ledger, accounts receivable/payable, financial reports, special purpose ledger, and legal consolidations;
- Materials management: procurement, inventory management, vendor evaluation, invoices verification and warehouse management;
- Plant maintenance: maintenance notifications/orders, resource/maintenance planning, historical information, and service management;
- Project systems project tracking, work breakdown structure, budget management, cost and revenue planning;
- Controlling cost center accounting, activity based costing, and internal orders; and
- Human resources personnel administration, payroll, time management, planning and development, and organization management

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVES THE DEFICIENCY/PROBLEM: Throughout the TEAM there are numerous, independent, stand-alone information systems supporting multiple, inconsistent processes. Data is not timely and is difficult to consolidate. Many systems track similar data without a common data format. No single system does it all (i.e., planning, procurement, and inventory management). System interfaces are inconsistent, non-standard, and rely upon manual intervention. At the core of an ERP system is a central database that draws data from and feeds data into a series of applications supporting diverse functions. ERP will automate manual processes, drastically reduce data reconciliation, and improve the quality of information available to decision-makers. ERP will assist in providing end-to-end capability, in enabling consistent and reliable information on cost and performance, and in integrating business processes to optimize results across the TEAM.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED: The CBP WG under the auspices of Department of Navy's (DON's) Revolution in Business Affairs was tasked to focus on Commercial Financial Practices and best of breed business solutions. The CBP WG received in-depth briefings from industry, fleet representatives, defense agencies, and other government agencies. Of all the alternatives briefed and considering all the data provided, the members were unanimous in concluding that the best solution to business practices would be realized through ERP solution. As a result of the recommendation of the CBP WG, NAVAIR issued a request for proposal. Several companies bid, integrator and COTS solutions were evaluated through the source selection process and a contract was awarded for the NAVAIR ERP program management (PM) pilot.

4. IMPACT IF NOT ACQUIRED: The TEAM would have to continue business as usual and could not achieve gains in productivity through reengineered processes and an integrated information system. Non-standard, costly maintenance, and duplicative legacy systems would persevere. The TEAM would be unable to manage costs for maximum reallocation of savings for the recapitalization and modernization of naval aviation. ERP is required for NAVAIR to achieve portions of the Navy wedge savings. As the business case analysis demonstrates current anticipated quantitative and qualitative benefits would not be realized. If ERP is funded, the ERP will assist other systems in becoming compliant with statutory requirements, the Government Management Reform Act (GMRA), the Government Performance and Results Act (GPRA), and the Chief Financial Officer (CFO) Act.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FY2003 PRESIDENT'S BUDGET			
B. Department of the Navy/Depot Maintenance/Aviation Depot							C. NIMMS				7DNDL0002GR		D. NADEP
	2000			2001			2002						
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost				
CHERRY POINT							1	700	700				
JACKSONVILLE							1	700	700				
NORTH ISLAND							1	700	700				
TOTAL NADEP							3	2,100	2,100				

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

- DESCRIPTION & PURPOSE OF PROJECT: NIMMS is a non-financial feeder system application to DIFMS. This project is the Depot's fair share of the DFAS initiative to bring NIMMS into compliance with the Federal Financial Management Regulations.
- WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVES THE DEFICIENCY/PROBLEM: NIMMS is non-compliant based on the the Release 99C operating version of the software. Deficiencies identified are in 5 areas, such as the USSGL, Inventory, Funds Control and Budgetary Accounting, Accounts Payable, and System Controls and Audit.
- WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED: NIMMS Release 00 will fix some of NIMMS USSGL deficiencies.
- IMPACT IF NOT ACQUIRED: Will be non-compliant with Federal Financial Management Regulations.
- IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)							A. FY2003 PRESIDENT'S BUDGET		
B. Department of the Navy/Depot Maintenance/Aviation Depot				C. EQUIPMENT, OTHER THAN ADPE & TELECOM (<1M) DNEU0000			D. NADEP		
				2001		2002		2003	
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
TOTAL INVESTMENT COST	25	VAR	11,527	24	VAR	9,421	17	VAR	9,600
ITEM LINE #	ITEM DESCRIPTION		FY 2001			FY 2002			FY 2003
6 DF 1 EM 0081 P R	Automated Water Jet Coating Removal System (E)	1	999						
6 DF 1 EM 0050 P R	Laser Punch Replacement	2	860						
6 DF 0 EM 0082 P R	K&T 4-Axis MM600 Replacement	3	850						
6 DF 1 EM 0140 P R	Rotorblade X-Ray System Replacement	4	700						
6 DF 1 EM 0073 P R	Material Handling Systems Upgrade B4225	5	650						
6 DN 1 EM 1000 P P	Plant Maintenance Reliability Product	6	200			1	171		
6 DF 2 EM 0171 P P	Large Vertical Grinder					2	750		
6 DF 2 EM 0132 P R	Cooling Turbine Test Cell Upgrade					3	600		
6 DF 2 EM 0175 P R	F402 Test Cell Computer Sys Replacement					4	530		
6 DF 2 EM 00167 P N	CA-PVD Coating System							1	950
6 DE 1 EM 0339 P R	CNC Tube Benders (2)	1	750						
6 DE 1 EM 0336 P R	Real Time X-Ray System	2	750						
6 DN 1 EM 1000 P P	Plant Maintenance Reliability Product	3	274			1	221		
6 DE 2 EM 0322 P R	Rehab TF34 EROM Blade Meas. T/S							1	600
6 DC 1 EM 0463 P R	5-Axis Machining Center (2)	1	855			1	845		
6 DN 1 EM 1000 P P	Plant Maintenance Reliability Product	2	274			2	220		
6 DC 1 ES0438 P R	Laser Cutting System	3	500						
6 DC 3 EM 0464 P R	Horizontal Boring Mill (2)							1	1425
6 DC 3 EM 0467 P R	4-Axis Horizontal Boring Mill							2	800
6 DC 3 EM 0468 P R	5-Axis Machining Center							3	710
DE ES 0000	Equip-other than ADPE & TELECOM (<\$.5M)	13	3,865			17	6,084	12	5115
TOTAL NADEP EQUIPMENT, OTHER THAN ADPE & TELECOM (<1		25	11,527	24		9,421		17	9600

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)							A. FY2003 PRESIDENT'S BUDGET		
B. Department of the Navy/Depot Maintenance/Aviation Depot				C. MINOR CONSTRUCTION DNMC0000			D. NADEP		
	2001			2002			2003		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
TOTAL INVESTMENT COST	17	VAR	4,724	12	VAR	3,100	15	VAR	3,771
ITEM LINE #	ITEM DESCRIPTION		FY 2001		FY 2002		FY 2003		
6DF0MCC0000C	PY Change Orders		1	268	1	137	1	103	
6DF1MCC000C	Planning and Design Costs		2	350	2	200	2	125	
6DF1MCC06-01C	Construct Office Building		3	499					
6DF1MCC07-01C	Construct ASRS Addition B133		4	499					
6DF1MCC04-98C	Alts to Install Electrical Metering		5	350					
6DF1MCRC29-97C	Repairs/Alterations to NADEP Parking Lots		6	300					
6DF1MCRC19-96C	Reps/Alts to Communications System to NADEP Bldgs		7	230					
6DF1MCC74-95C	Air Condition Prep Area B4188		8	210					
6DF1MCCR38-97C	Reps/Alts to Underground Electrical Feeders		9	160					
6DF1MCCR36-97C	Alterations/Repairs to Lighting NADEP Parking Lots		10	150					
6DF1MCC13-01C	Demo Mezzanine C, B133		11	150					
6DF1MCRC11-01C	Alts/Rep Plant Services Div., 184		12	100					
6DF1MCC08-00C	Construct Two-Story Addition, HGR 3, B137				3	499			
6DF2MCC090-01C	Construct Helicopter Landing Pad				4	499			
6DF3MCC14-01C	Construct Outside Storage Area						3	499	
6DF3MCC52-96C	Relocate X-Ray Facility From B188 to Outside Bldg						4	499	
6DF3MCC31-99C	Construct Addition, B4026						5	300	
6DE1MC0000	PY Change Orders		1	125					
6DE1MCCR3-98E	Blast Booth Bldg		2	227					
6DE2MC0343C	Extension to Hangar 101S				1	440			
6DE2MC0243C	Packaging Annex				2	400			
6DE3MC0346C	Electrical Upgrade B797						1	225	
6DC1MC0443C	Construct Multi-Purpose Addition B-460		1	450					
6DC1MC0442C	Air Condition BLDG 317 Engineering Areas		2	450					
6DC1MC0370C	Upgrade Administrative Spaces B5		3	206					
6DC0MC9483C	PY Change Orders				1	100	1	100	
6DC2MC0451C	Air Condition Training and Conference Center B-5				2	350			
6DC2MC0454C	Air Condition Third Floor Offices B-334				3	150			
6DC0MC0462C	Planning and Design				4	125	2	120	
6DC2MC0456C	Construct Fuel Tank Facility for VRT B-458				5	100			
6DC2MC0457C	Air Condition Admin & Engineering Offices B-249				6	100			
6DC3MC0458C	Reengineering Project for Enclosed Shops B-472						3	400	
6DC3MC0487C	Structural Mods & Rails for 5 Ton Bridge Crane B-457						4	400	
6DC2MC0452C	Alterations to Accommodate Outlying Shops B-379						5	350	
6DC3MC0459C	Heat and Ventilation VRT Shops B-27						6	250	
6DC3MC0453C	Structural Mods & Rails for 5 Ton Bridge Crane B-27						7	150	
6DC3MC0488C	Air Condition Offices B-466						8	150	
6DC3MC0461C	Air Condition Central Tech Data B-90						9	100	
TOTAL NADEP MINOR CONSTRUCTION			17	4,724	12	3,100	15	3,771	

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)							A. FY2003 PRESIDENT'S BUDGET		
B. Department of the Navy/Depot Maintenance/Aviation Depot				C. ADPE & TELECOMMUNICATIONS (<1M) DNKU0000			D. NADEP		
	2001			2002			2003		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
TOTAL INVESTMENT COST	3	VAR	1,218	2	VAR	1,361	1	VAR	500
ITEM	ITEM								
LINE #		FY 2001		FY 2002			FY 2003		
6 DF 1 KM 0152 G R	Industrial Business Operations System	1	747						
6 DF 2 KM 0062 G N	Workflow Process Management			1	861				
6 DF 2 KM 0059 G N	Electronic Storage/Retreival System			2	500		1	500	
DKS0000	Equip - ADPE & TELECOM (<\$.5M)	2	471	0	0		0	0	
TOTAL NADEP ADPE & TELECOMMUNICATIONS (<1M)		3	1,218	2	1,361		1	500	

FY 2003 PRESIDENT'S BUDGET
DEPARTMENT OF THE NAVY - NAVY WORKING CAPITAL FUND
DEPOT MAINTENANCE - AVIATION DEPOTS
CAPITAL BUDGET EXECUTION
(DOLLARS IN MILLIONS)
FY 2002

ITEM LINE #	ITEM DESCRIPTION	Original Request	Change	Revised Request	Classification of Change	Explanation/Reason for Change
1a. EQUIPMENT, OTHER THAN ADPE & TELECOM (>\$1M)						
6 DC 2 EL 0405 P R	CASS STATION EQUIPMENT	6.000	(0.800)	5.200	Quantity Decrease	CASS contract for FY 2002 were renegotiated at increased cost. Quantity had to be reduced from 3 to 2 due to estimate unit cost increases of 25 - 30 % or \$2.0M to \$2.6M ea. Funds transferred to accommodate 5-Axis Machining Center. (.800 to 6DC2EM0463)
6 DC 2 EL 0405 P R	DEPOT ATE TPS OFFLOAD TO CASS (1)	1.555	0.000	1.555		
6 DF 2 EL 0150 P P	COORDINATE MEASUREMENT MACHINE	1.500	0.000	1.500		
6 DF 2 EL 0090 P P	MATERIAL HANDLING SYSTEM, B133	1.250	0.750	2.000	Price Increase	
6 DE 2 EL 0320 P P	WATER JET ROUTER	1.330	0.000	1.330		
SUBTOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM (>\$1M)		11.635	(0.050)	11.585		
DN EU 0000	1b. EQUIPMENT, OTHER THAN ADPE & TELECOM (<\$1M)	9.371	0.050	9.421		
2. TOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM		21.006	0.000	21.006		
DN MC 0000	3. MINOR CONSTRUCTION	3.100	0.000	3.100		
TOTAL NON-ADP CAPITAL PURCHASES PROGRAM		24.106	0.000	24.106		
1a. ADPE & TELECOMMUNICATIONS (>\$1M)						
7 DN 2 KL 0003 G R	DEPOT MAINTENANCE SYSTEM HARDWARE REPLACEMENT	3.970	0.000	3.970		
SUBTOTAL ADPE & TELECOMMUNICATIONS (>\$1M)		3.970	0.000	3.970		
DN KU 0000	1b. ADPE & TELECOMMUNICATIONS (<\$1M)	1.361	0.000	1.361		
2. TOTAL ADPE & TELECOMMUNICATIONS		5.331	0.000	5.331		
7 DN 2 DL 0JT2 G P	NAVAIR DEPOT MAINTENANCE SYSTEM (NDMS)	6.300	0.000	6.300		
7 DN 2 DL 0001 G R	ENTERPRISE RESOURCE PLANNING (ERP)	13.467	0.000	13.467		
7 DN 2 DL 0002 G R	NIMMS	2.100	0.000	2.100		
3a. SUBTOTAL SOFTWARE DEVELOPMENT (>\$1M)		21.867	0.000	21.867		
DN DU 0000	3b. SUBTOTAL SOFTWARE DEVELOPMENT (<\$1M)	0.000	0.000	0.000		
3. TOTAL SOFTWARE DEVELOPMENT		21.867	0.000	21.867		
TOTAL ADP CAPITAL PURCHASES PROGRAM		27.198	0.000	27.198		
GRAND TOTAL CAPITAL PURCHASES PROGRAM		51.304	0.000	51.304		

Marine Corps Depots

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
DEPOT MAINTENANCE – MARINE CORPS DEPOTS
FY 2003 PRESIDENT BUDGET SUBMISSION
February 2002**

Activity Group Functions:

The mission of the Marine Corps Depot Maintenance Activity Group (DMAG) is to provide the quality products and responsive maintenance support services required to maintain a core industrial base in support of mobilization and surge requirements. The maintenance functions performed by the DMAG include repair, rebuild, modification, and Inspect and Repair Only as Necessary (IROAN) for all types of ground combat and combat support equipment. DMAG maintenance services are used by the Marine Corps and various Department of Defense (DoD) activities. Other functions performed include performance of maintenance related services such as preservation, testing, technical evaluation, calibration, and fabrication of automated test equipment.

Activity Group Composition:

The DMAG is comprised of two multi-commodity maintenance centers, one located in Albany, Georgia, and the other in Barstow, California. The maintenance centers are part of the Marine Corps logistics bases and a component of Marine Corps Materiel Command (MATCOM). The Maintenance Centers maintain similar capabilities in order to provide support for Marine Corps operational units regardless of unit location.

Significant Changes in Activity Group:

Based on budgeted workload trends, FY 2002 reflects the release of 133 personnel (16 temporary and 117 permanent) with a variety of skills. FY 2003 includes a reduction of 36 personnel (2 temporary and 34 permanent) and restructuring of 98 personnel through the Voluntary Separation Incentive Program.

Navy/Marine Corps Intranet (NMCI)

NMCI is the first step in launching the Department of the Navy's Joint Vision 2010 goal of information superiority for the Department of Defense. Defined as the ability to collect, process and disseminate an uninterrupted flow of information while denying the same to an adversary, information superiority has been called the backbone of the revolution in military affairs. As DoN's first step, NMCI will establish a standardized end-to-end system for voice, video and data communications for all civilian and military personnel within the Department of the Navy. NMCI will provide standardization of equipment, software, procedures, enhanced information assurance and a streamlined methodology for reducing incompatibility problems experienced in the past. Transition to NMCI in the Maintenance Centers will begin in FY 2002 and is expected to be completed by end of FY 2003.

Financial Profile:

	(Dollars in Millions)		
	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Revenue	\$209.1	\$198.7	\$207.7
Cost of Goods Sold	190.5	198.9	\$215.4
Operating Results	18.6	(0.1)	(7.6)
Surcharge	(0.3)	0.0	0.0
Extraordinary Expense	0.7	0.0	0.0
Prior Year Adjustment	0.4	0.0	0.0
Other Appropriations Affecting NOR/AOR	0.0	0.0	6.6
Net Operating Results	19.4	(0.1)	(1.0)
Beginning Accumulated Operating Results	(18.3)	1.1	1.0
Accumulated Operating Results	\$ 1.1	1.0	\$ 0.0

Revenue

The major factor for the FY 2002 increase in Revenue from the FY 2002 President's Budget is the increase in direct material based on the workload mix. Workload changes included more material intensive jobs such as the TPS59 Radar, M1A1 Tanks, and the 100% replacement of cabs on the MK48s. Revenue for FY 2003 is based on achieving a zero balance for Accumulated Operating Results in the budget year.

Cost of Goods Sold:

	(Dollars in Millions)		
	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Cost of Goods Sold	\$190.5	\$198.9	\$215.4

In FY 2002 the Maintenance Centers anticipate increased utility cost of \$2.4M and reduced workload. The budgeted cost for FY 2002 and FY 2003 also includes separation cost for VERA/VSIP/RIF. In FY 2003 the Marine Corps activities' are fully funding the CSRS retirement costs and future FEHB costs.

Other Appropriations Affecting NOR

	(Dollars in Millions)		
	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Other Appropriations Affecting NOR	\$0	\$0	\$6.7

To improve the accounting for and make the cost of government programs more visible to the American people, the Administration is proposing to align the full annual budgetary costs of resources used by programs with the budget accounts that fund the programs. To that end, the budget includes a request for a direct appropriation of \$373 million for the Navy Working Capital Fund (of which \$6.7 million is included in the Marine Corps Depot Maintenance budget), to fund the full accruing cost of the Civil Service Retirement System and retire health benefits for civilian employees in the Federal

Employee Health Benefit Program. Beginning with the FY 2004 Budget, these costs will be built-into the rates charged to Working Capital Fund customers. This proposal does not increase the total costs to the Federal government, since these costs were previously funded from a central account.

Cash Collections, Disbursements and Net Outlays

	(Dollars in Millions)		
	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Disbursements	\$187.8	\$192.4	\$208.6
Collections	\$200.3	\$204.5	\$216.4
Net Outlays	-\$ 12.5	-\$ 12.1	-\$ 7.8

New Orders:

	(Dollars in Millions)		
	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
New Orders	\$211.6	\$181.7	\$214.3

Workload:

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Direct Labor Hours (000s)	1,978	1,672	1,663

Staffing:

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Civilian End Strength	1,512	1,379	1,343
Civilian Work Years – regular time	1,616	1,410	1,427
Military End Strength	12	12	12
Military Work Years	13	12	12

Performance Indicators:

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Schedule Conformance	94.9%	99.5%	99.3%
Quality Deficiency Reports	0.6%	0.2%	0.2%
Inventory Turnover Ratio	5.3:1	5.4:1	5.9:1

Customer Rate Changes:

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Stabilized Customer Rate	\$98.87	\$105.82	\$117.63
Year to Year Percent Change	18.6%	7.0%	11.2%

FY 2003 rates increased 11.2% over the FY 2002 rates due to a reduction in the direct labor requirement as workload declines and shifts to a more material intensive nature.

Unit Costs:

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Cost per Direct Labor Hour	\$94.98	\$119.39	\$128.95

Capital Budget Authority:

	(Dollars in Millions)		
	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Equipment/Non-ADPE/TELE	\$1.424	\$3.610	\$.935
ADPE/TELECOM Equipment	.000	.600	.000
Software Development	.000	.344	.000
Minor Construction	.018	.425	1.941
TOTAL	\$1.442	\$4.979	\$2.876

Carryover**Activity Group - Carryover Reconciliation**

	(Dollars in Millions)		
	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Gross Carryover	\$73.1	\$56.1	\$62.7
Less Work In Process	1.4	2.2	1.3
Less Foreign Military Sales	3.1	0.7	0.2
Less BRAC	0.0	0.0	0.0
Less Other Federal Sources	0.2	0.5	0.0
Less Non-Federal Sources	0.4	0.5	0.0
<u>Less Contractual Liabilities</u>	<u>2.9</u>	<u>7.1</u>	<u>8.3</u>
Net Carryover	\$62.1	\$45.1	\$52.9
Months	3.5	2.7	3.0

Productivity Initiatives:

The Better Business Practices (BBP) focus in the budget period will be on International Organization for Standardization (ISO) 9002, Earned Value Management (EVM), and Material Resource Planning (MRP II) (Compass Contract). ISO 9002 is a model for quality assurance in production and installation and addresses the detection, prevention and correction of problems associated with production. This certification ensures that

equipment leaving the Maintenance Centers meets the highest industry standards and is a step toward being more competitive for our customers who expect a quality product to be delivered on time and within budget. The Maintenance Centers are incorporating EVM principles into the management of all major programs. Improved projections permit us to become more proactive than in the past and gives the customer advance notification of potential overruns. The backbone to managing the Maintenance Centers and more specifically, shop floor control, is Compass Contract, a MRP II System. The Maintenance Centers plan to load all high-level workload into Compass Contract. Major programs will be loaded to a detailed Work Breakdown Structure (WBS) level.

INDUSTRIAL BUDGET INFORMATION SYSTEM
REVENUE and EXPENSES
AMOUNT IN THOUSANDS
MCIF / TOTAL

	FY 2001 CON	FY 2002 CON	FY 2003 CON
Revenue:			
Gross Sales			
Operations	205,165	194,554	203,459
Surcharges	252	0	0
Depreciation excluding Major Constructio	3,680	4,150	4,262
Other Income			
Total Income	209,097	198,704	207,721
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	291	743	772
Civilian Personnel	96,812	91,968	96,098
Travel and Transportation of Personnel	1,427	1,534	1,596
Material & Supplies (Internal Operations	56,184	67,384	76,905
Equipment	2,899	3,286	2,602
Other Purchases from NWCF	3,961	4,105	4,160
Transportation of Things	0	0	0
Depreciation - Capital	3,681	4,150	4,262
Printing and Reproduction	72	98	112
Advisory and Assistance Services	126	583	714
Rent, Communication & Utilities	6,682	8,044	6,314
Other Purchased Services	15,732	17,730	20,892
Total Expenses	187,867	199,625	214,427
Work in Process Adjustment	2,596	-754	932
Comp Work for Activity Reten Adjustment	0	0	0
Cost of Goods Sold	190,463	198,871	215,359
Operating Result	18,634	-167	-7,638
Less Surcharges	-252	0	0
Plus Appropriations Affecting NOR/AOR	0	0	6,660
Other Changes Affecting NOR/AOR	681	0	0
Extraordinary Expenses Unmatched	0	0	0
Net Operating Result	19,063	-167	-978
Other Changes Affecting AOR	386	0	0
Accumulated Operating Result	1,143	978	0

INDUSTRIAL BUDGET INFORMATION SYSTEM
MCIF / TOTAL
SOURCE of REVENUE
AMOUNT IN THOUSANDS

	FY 2001 CON -----	FY 2002 CON -----	FY 2003 CON -----
1. New Orders	211,587	181,694	214,305
a. Orders from DoD Components	190,862	159,303	192,289
Department of the Navy	180,557	151,384	183,875
O & M, Navy	610	3,168	3,241
O & M, Marine Corps	104,843	112,583	145,194
O & M, Navy Reserve	140	0	0
O & M, Marine Corp Reserve	336	7,786	7,103
Aircraft Porcurement, Navy	0	0	0
Weapons Procurement, Navy	0	0	0
Ammunition Procurement, Navy/MC	0	0	0
Shipbuilding & Conversion, Navy	0	0	0
Other Procurement, Navy	0	0	0
Procurement, Marine Corps	50,992	27,272	27,762
Family Housing, Navy/MC	0	0	0
Research, Dev., Test, & Eval., Navy	83	0	0
Military Construction, Navy	0	0	0
Other Navy Appropriations	0	0	0
Other Marine Corps Appropriations	23,553	575	575
Department of the Army	4,241	3,650	3,650
Army Operation & Maintenance	3,857	3,650	3,650
Army Res, Dev, Test, Eval	4	0	0
Army Procurement	351	0	0
Army Other	29	0	0
Department of the Air Force	392	3,504	3,936
Air Force Operation & Maintenance	1	3,504	3,936
Air Force Res, Dev, Test, Eval	14	0	0
Air Force Procurement	342	0	0
Air Force Other	35	0	0
DOD Appropriation Accounts	5,672	765	828
Base Closure & Realignment	0	0	0
Operation & Maintenance Accounts	1,869	0	0
Res, Dev, Test & Eval Accounts	0	0	0
Procurement Accounts	0	0	0
DOD Other	3,803	765	828
b. Orders from other WCF Activity Groups	14,529	19,649	19,125
c. Total DoD	205,391	178,952	211,414
d. Other Orders	6,196	2,742	2,891
Other Federal Agencies	164	1,392	1,541
Foreign Military Sales	5,808	600	600
Non Federal Agencies	224	750	750
2. Carry-In Orders	72,955	74,480	56,067
3. Total Gross Orders	284,542	256,174	270,372
a. Funded Carry-Over	74,480	56,067	62,651
b. Total Gross Sales	210,062	200,107	207,721

INDUSTRIAL BUDGET INFORMATION SYSTEM
 MCIF / TOTAL
 SOURCE of REVENUE
 AMOUNT IN THOUSANDS

	FY 2001 CON -----	FY 2002 CON -----	FY 2003 CON -----
4. Revenue (-)	-209,097	-198,704	-207,721
5. End of Year Work-In-Process (-)	-1,462	-2,216	-1,284
6. Direct Contract Obligations(-)	-5,874	-7,066	-8,262
7. Non-DoD, BRAC, FMS, DWCF Orders (-)	-3,624	-1,701	-201
8. Net Funded Carryover	62,118	45,085	52,905
9. Months of Carryover	3.5	2.7	3.0

Exhibit Fund-11

**CHANGES IN THE COSTS OF OPERATION
DEPARTMENT OF THE NAVY
Marine Corps Depot Maintenance
FY 2003 PRESIDENTS BUDGET**

(Dollars in Millions)

		Total Cost
1. FY 2001	Actuals	187.9
2. FY 2002	President's Budget:	189.8
3.	Pricing Adjustments:	
	a. FY 2002 pay raise	
	(1) Civilian Personnel	0.6
	(2) Military Personnel	0.0
	b. Annualization of Prior Year Pay Raise	
	(1) Civilian Personnel	0.0
	(2) Military Personnel	0.0
	c. General Inflation	0.0
4.	Productivity Initiatives	
	a. CPP Savings	0.0
	b. Better Business Practices Savings	0.0
	(1) Direct Labor	0.0
5.	Program Changes:	
	a. Workload Changes	
	(1) Direct Labor	2.7
	(2) Direct Materiel & Supplies	7.6
	(3) Other Purchases	(0.4)
6.	Other Changes	
	a. Indirect Labor	(3.7)
	b. Indirect Materiel	(0.1)
	c. Depreciation	(0.4)
	d. Contract Services	2.5
	e. VERA/VSIP/RIF	0.7
	f. Other	0.3
7. FY 2002	Current Estimate:	199.6
8.	Pricing Adjustments:	
	a. FY 2003 Pay Raise	
	(1) Civilian Personnel	1.8
	(2) Military Personnel	0.0
	b. Full Funding of Federal Employee Health and CSRS Retirement Benefits	
	(1) Civilian Personnel	6.7
	(2) Military Personnel	0.0
	c. Annualization of Prior Year Pay Raise	
	(1) Civilian Personnel	1.0
	(2) Military Personnel	0.0
	d. General Inflation	4.5
9.	Productivity Initiatives	
	a. Capital Purchase Program Savings	(0.3)
	b. Better Business Practices Savings	
	(a) Direct Labor	(2.1)
	(b) Indirect Labor	(0.7)

**CHANGES IN THE COSTS OF OPERATION
DEPARTMENT OF THE NAVY
Marine Corps Depot Maintenance
FY 2003 PRESIDENTS BUDGET**

(Dollars in Millions)

10.	Program Changes:	
	a. Workload Changes	
	(1) Direct Labor	2.5
	(2) Direct Material & Supplies	2.7
	(3) Contract Services	(0.8)
	(4) Other Purchases	0.0
11.	Other Changes	
	a. Indirect Labor	(0.1)
	b. Indirect Material	(1.3)
	c. Depreciation	0.1
	d. Contract Services	1.6
	e. VERA/VSIP/RIF	(1.5)
	f. Other	
	Real Property Maintenance	0.6
	Travel/Training	0.1
	Miscellaneous	0.0
12 FY 2003	Current Estimate	214.4

WORKING CAPITAL FUND INVESTMENT SUMMARY
Marine Corps Depot Maintenance
FY 2003 President's Budget
February 2002

Dollars in Millions

Line Number	Item Description	FY 2001 Actuals		FY 2002 Estimate		FY 2003 Estimate	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
	Equipment						
1	Paint Booths Project	1	0.546	0	0.000	0	0.000
2	Carry Over Issue 65245 VOC Control System		0.000	1	3.010	0	0.000
3	Equipment - items less than \$0.5M each		0.878		0.600		0.935
	<i>Replacement</i>	2	0.473	1	0.450	1	0.350
	<i>Productivity</i>	2	0.405	1	0.150	2	0.435
	<i>New Mission</i>	0	0.000	0	0.000	1	0.150
	<i>Environmental Compliance</i>	0	0.000	0	0.000	0	0.000
	Total Equipment (Non-ADPE & Telecom)		1.424		3.610		0.935
4	ADPE & Telecom	0	0.000	0	0.600	0	0.000
5	Minor Construction	1	0.018	1	0.425	5	1.941
6	Software Development	0	0.000	1	0.344	0	0.000
	TOTAL		1.442		4.979		2.876

FY 2003 PRESIDENT'S BUDGET (Dollars in Thousands)						A. Budget Submission FY 2003 PRESIDENT'S BUDGET			
B. Component/Business Area/Date Marine Corps Depot Maintenance / February 2002				C. Line# and Description 2/ Carry Over for VOC Control System			D. Site Identification MC Depots Albany, GA and Barstow, CA		
FY 2001 Actual				FY 2002 Estimate			FY 2003 Estimate		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP				1		3.010			
Narrative Justification: FY 2002 Estimate Issue 65245 VOC Control System (Replacement, Barstow): Workload consists of filtering the air being contaminated by status quo undercoat and paint operations. The VOC/APCS is required before the MILCON Project B919, Paint and Undercoat Facility, can become operational. The control system removes and contains 98% of all VOC from air exiting new paint booths. The MILCON and VOC projects bring Maintenance Center Barstow into compliance with California air pollution standards. The BIR is 1.54 making this an economically viable project.									

FY 2003 PRESIDENT'S BUDGET (Dollars in Thousands)						A. Budget Submission FY 2003 PRESIDENT'S BUDGET			
B. Component/Business Area/Date Marine Corps Depot Maintenance / February 2002				C. Line# and Description 3/ Equipment less than \$0.5M			D. Site Identification MC Depots Albany, GA and Barstow, CA		
FY 2001 Actual				FY 2002 Estimate			FY 2003 Estimate		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP	4		0.908	2		0.600	4		0.935
Narrative Justification:									
<p>FY 2001 Actual Strippet Punch Press (Productivity, Albany) - \$0.225M Husky Model S200 VHP Pump (Productivity, Barstow) - \$0.180M Chicago Press Brake (Replacement, Albany) - \$0.185M General Home Machine (Replacement, Barstow) - \$0.288M</p> <p>FY 2002 Estimate Plural Mixing System (Productivity, Albany). Workload includes 2711 hrs/yr to mix gal cans of paint. Productivity is enhanced because the project automatically mixes greater volumes of paint than the status quo smaller volumes mixed by hand. Benefits are derived from reducing waste and saving 2278 hrs/yr to mix. The system will mix type I CARC, type II CARC paints and other type paints for military vehicles and equipment. The productivity enhancement project's BIR = 3.61 and has a investment cost of \$0.150M.</p> <p>Hicklin 300 HP Transmission Test Stand (Replacement, Albany). Workload includes 2080 hrs/yr plus 1600 hrs/yr additional transmission testing. Benefits are derived from the elimination of the additional transmission testing performed by other machines and material and labor required to fix the status quo machine. The project replaces a status quo machine that is under sized for current testing requirements and requires the additional testing. The project provides the torque necessary to shift transmissions at high torques that is currently required. The replacement project's BIR = 1.24 and has a investment cost of \$0.450M.</p> <p>FY 2003 Estimate Hydraulic Rough Terrain Crane (Productivity, Barstow). Procurement specifications are currently being developed to acquire the asset in FY2003. Workload includes all items that are moved by the status quo leased crane. Benefits derive from acquiring the crane instead of leasing a crane. The crane accesses production work areas and traverse unimproved roads and dirt storage areas where items are loaded/offloaded from semi trucks. The project's BIR = 1.22 and has a investment cost of \$0.314M.</p> <p>Hyster H360XL2 Fork Lift (Productivity, Barstow) . Procurement specifications are currently being developed to acquire the asset in FY2003. Workload includes 3375 hrs/yr to move items about the facility. Benefits derive from the elimination of equipment and two workers from status quo operations,thus, reducing the workload to 375 hrs/yr. The productivity enhancement project's BIR = 1.74 and has a investment cost of \$0.121M.</p> <p>Rotoblast Machine (Replacement, Albany). Procurement specifications are currently being developed to acquire the asset in FY2003. Workload includes 2000 hrs/yr to blast status quo items. Benefits are derived from an estimated 15% improvement in production. The asset replaces an old rotoblast machine and several tumble blast machines that require rebuilding to remain in service. The replacement project's BIR = 1.52 and has a investment cost of \$0.350M.</p> <p>750 HP Dynamometer (New Mission, Albany). Procurement specifications are currently being developed to acquire the asset in FY2003. Workload includes new testing requirements for Cummins VT-400 NHC250, VTA903-T525, Caterpillar 3406, Detroit Diesel 6V-53T, and Detroit Diesel 8V-92TA engines. Benefits are derived from eliminating status quo contracting of testing service. The productivity enhancement project's BIR = 1.63 and has a investment cost of \$0.150M.</p>									

FY 2003 PRESIDENT'S BUDGET (Dollars in Thousands)				A. Budget Submission FY 2003 PRESIDENT'S BUDGET					
B. Component/Business Area/Date Marine Corps Depot Maintenance / February 2002				C. Line# and Description 4/ ADPE and Telecom			D. Site Identification MC Depots Albany, GA and Barstow, CA		
FY 2001 Actual				FY 2002 Estimate			FY 2003 Estimate		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP				1		0.600			

Narrative Justification:

FY 2002 Estimate

Super-Mini Computer and Front End Server (Replacement): The project is necessary to replace the status quo obsolete and overloaded server. The entire range of systems utilized by Maintenance Center Albany such as MRPS software, ERPS software, FEM software, and others utilize this server. The Super-Mini Computer is a replacement project with BIR of 1.65 and estimated cost of \$0.600M.

FY 2003 PRESIDENT'S BUDGET						A. Budget Submission			
(Dollars in Thousands)						FY 2003 PRESIDENT'S BUDGET			
B. Component/Business Area/Date				C. Line# and Description			D. Site Identification		
Marine Corps Depot Maintenance / February 2002				5 / Minor Construction			MC Depots Albany, GA and Barstow, CA		
	FY 2001 Actual			FY 2002 Estimate			FY 2002		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP	1		0.018	1		0.425	5		1.941
Narrative Justification:									
FY2001 Actual									
Lube & Oil Facility (Productivity, Barstow) - \$0.018M.									
FY 2002 Estimate									
Clear Span Roof (Bldg 2200&2222) (Productivity, Albany). Workload includes 1900 hrs/yr required to re-blast and re-steam clean items waiting paint. Benefits are derived by reducing the requirements to blast , wash, and blow dry rust from items exposed to rain and dew. The asset allows staging of vehicles and equipment out of inclement weather. The productivity enhancement project's BIR = 1.41 and has a investment cost of \$0.425M.									
FY2003 Estimate									
Paint Stripping Facility (Productivity, Albany). Procurement specifications are currently being developed to acquire the asset in FY2003. Workload includes 6000 hrs/yr of status quo items that require paint stripping. Benefits are derived from saving 2000 hrs/yr of labor and using the closed loop rinsing system to reduce waste water, improved stripping controls, and recycles EPA approved stripper. The productivity enhancement project's BIR = 2.93 and has a investment cost of \$0.499M.									
Conversion Coating Facility (Replacement, Barstow). Procurement specifications are currently being developed to acquire the asset in FY2003. Workload includes 4000 hrs/yr to conversion coat thousands of items by status quo. Benefits derive from consolidating the process and conserving 4000 \$/yr in material. The replacement project's BIR = 1.15 and a cost of \$0.499M.									
Clear Span Roof (Bldg 2222&2236) (Productivity, Albany). Procurement specifications are currently being developed to acquire the asset in FY2003. Workload includes 1900 hrs/yr required to re-blast and re-steam clean items waiting paint. Benefits are derived by reducing the requirements to blast , wash, and blow dry rust from items exposed to rain and dew. The asset allows staging of vehicles and equipment out of inclement weather. The productivity enhancement project's BIR = 1.41 and a cost of \$0.427M.									
Fiberglass Repair Facility (Productivity, Barstow). Procurement specifications are currently being developed to acquire the asset in FY2003. Workload includes all items currently worked by multiple and scattered status quo fiberglass repair operations. Benefits derive from consolidating the fiberglass repair process into one area. The facility includes safety and environmental systems required for fiberglass repair work. The productivity enhancement project's BIR = 2.18 and has a investment cost of \$0.416M.									
Head for 100M Test Fire Range (Replacement, Albany). Procurement specifications are currently being developed to acquire the asset in FY2003. Demand is expected to be between 80 to 120 personnel at various times. No permanent hygiene facility is within 1000 feet from the range. The lack of this facility slows production and reduces available working time. The project's BIR = 1.59 and has a investment cost of \$0.100M.									

FY 2003 PRESIDENT'S BUDGET						A. Budget Submission			
(Dollars in Thousands)						FY 2003 PRESIDENT'S BUDGET			
B. Component/Business Area/Date Marine Corps Depot Maintenance / February 2002				C. Line# and Description 6 / Software Development			D. Site Identification MC Depots Albany, GA and Barstow, CA		
FY 2001 Actual				FY 2002 Estimate			FY 2003 Estimate		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
		-	-	1	-	0.344			

Narrative Justification:

FY2002 Estimate

The Advance Planning System (Productivity, Albany). Workload consists of all product maintenance lines entered into the Manufacture Resource Planning and Enterprise Resource Planning and other better business practices effort. Benefits are derived by analyzing what-if scenarios and planning to maximize production efforts. The project's BIR = 6.10 and costs \$0.344M.

**Navy Working Capital Fund
Marine Corps Depot Maintenance
FY 2003 President's Budget
February 2002
(Dollars in Millions)
FY 2002 Estimate**

<u>Project</u>	<u>Original Estimate</u>	<u>Change</u>	<u>Current Proj Cost</u>	<u>Explanation</u>
Equipment except ADPE and TELECOM				
Plural Mixing System	0.150	0.000	0.150	Productivity Enhancement
Rough Terrain Crane	0.313	(0.313)	0.000	Productivity Enhancement
Hicklin 300HP Transmission Test Stand	0.450	0.000	0.450	Replacement
VOC/APCS	0.000	3.010	3.010	Replacement; 1.837 from FY2001 Carry Over
Subtotal Equipment	0.913	2.697	3.610	
Equipment - ADPE and TELECOM				
Super Mini-Computer	0.000	0.600	0.600	Replacement; Reprogram Substitute Project
Software Development				
Advanced Planning System	0.889	(0.545)	0.344	
	0.889	(0.545)	0.344	Productivity Enhancement.
Minor Construction				
Clear Span Roof (Bldg 2200&2222)	0.425	0.000	0.425	Productivity Enhancement
Conversion Coating Facility	0.499	(0.499)	0.000	Replacement; Reprogram to FY2003
Fiberglass Facility	0.416	(0.416)	0.000	Productivity Enhancement; Repro to FY2003
Sub-total Minor Construction	1.340	(0.915)	0.425	
FY 2002 Estimate	3.142	1.837	4.979	\$1.837 reprogrammed from FY2001

Naval Air Warfare Center

**FY 2003 PRESIDENT'S BUDGET
NAVY WORKING CAPITAL FUND
NAVAL AIR WARFARE CENTER (NAWC)
FEBRUARY 2002**

Mission Statement

This Naval Air Warfare Center (NAWC) budget submission includes the Aircraft Division (NAWCAD) and the Weapons Division (NAWCWD). The NAWCAD mission is to serve as the Navy's principal RDT&E, engineering, and Fleet support activity for naval aircraft engines, avionics, and aircraft support systems and ship/shore/air operations. The scope of their mission includes the acquisition and in-service support of manned and unmanned air vehicles (UAVs) and air operations ashore and afloat. The mission of the NAWCWD is to be the Navy's full spectrum RDT&E in-service engineering center for air warfare weapons systems (except antisubmarine warfare systems) missiles and missile subsystems, aircraft weapons integration, and assigned airborne electronic warfare systems. The scope of the mission includes maintenance and operation of the air, land, and sea Naval Western Test Range complex.

Financial Highlights/Assumptions:

- This budget incorporates savings for both business process reengineering (BPR) and commercial activities (CA) initiatives.
- FY 2001, FY 2002 and FY 2003 include \$12.0 million, \$8.0 million and \$4.0 million in capital surcharges to finance the delta between depreciation and Capital Purchase Program (CPP) authority. CPP authority for ERP includes \$12 million in FY 2001, \$16 million FY 2002 and \$16 million in FY 2003.
- Cash management continues to be a high priority within the NAWC. NAWC has established realistic and sustainable Treasury cash balances. Budgeted cash balances have been established taking into account net operating results (NOR), net capital outlays, and other accounting initiatives/adjustments.
- AOR is budgeted at zero in FY 2003.
- To improve the accounting for and make the cost of government programs more visible to the American people, the Administration is proposing to align the full annual budgetary costs of resources used by programs with the budget accounts that fund the programs. To that end, the budget includes a request for a direct appropriation of \$373 million for the Navy Working Capital Fund (of which \$53 million is included in the NAWC budget), to fund the full accruing cost of the Civil Service Retirement System and retiree health benefits for civilian employees in the Federal Employee Health Benefit Program. Beginning with the FY 2004 Budget, these costs will be built-into the rates charged to Working Capital Fund customers. This proposal does not increase the total costs to the Federal government, since these costs were previously funded from a central account.

**FY 2003 PRESIDENT'S BUDGET
NAVY WORKING CAPITAL FUND
NAVAL AIR WARFARE CENTER (NAWC)
FEBRUARY 2002**

Budget Highlights

1. Financial Profile: **(\$ in Millions)**

	FY 2001	FY 2002	FY 2003
Revenue	\$2,228.3	\$2,136.5	\$2,102.9
Cost Of Goods Sold (DBC 4990)	\$2,217.3	\$2,147.6	\$2,114.6
Revenue Less Expense	\$11.0	\$-11.1	\$-11.7
Surcharge	\$-12.1	\$-8.0	\$-4.0
Net Operating Results NOR	\$-01.1	\$-19.1	\$-15.7
Direct Appropriation	\$0.0	\$0.0	\$51.3
(FEHB/CSRS)			
AOR	\$-16.5	\$-35.6	0

2. Workload Profile: **(\$ and DLH in Millions)**

	FY 2001	FY 2002	FY 2003
Orders Received-Reimbursable	2,249.5	2,115.5	2,100.9
Direct Labor Hours (DLHs)-Civ & Mil	12,393	12,061	11,950

The decrease in orders from FY 2001 to FY 2003 is attributed to reductions in the following programs: P-3, S-3, SH-60, V-22, F-14 AV-8B, ESSM, Tomahawk and Joint Direct Attack Munition programs.

3. Stabilized Rates:

	FY 2001	FY 2002	FY 2003
Stabilized Rates	\$87.32	\$86.12	\$93.97
% Rate Change			9.11%

4. Staffing Profile:

	FY 2001	FY 2002	FY 2003
Civilian E/S	10,817	9,950	9,726
Civilian W/Ys	10,509	9,932	9,724
Military E/S Total	228	223	196
Officers	72	100	94
Enlisted	156	123	102
Military W/Y Total	208	175	160

**FY 2003 PRESIDENT'S BUDGET
NAVY WORKING CAPITAL FUND
NAVAL AIR WARFARE CENTER (NAWC)
FEBRUARY 2002**

5. Cash Profile:

	FY 2001	FY 2002	FY 2003
Disbursements	\$2,202.2	\$2,123.3	\$2,124.0
Collections	\$2,212.9	\$2,117.7	\$2,141.0
Net Outlays	\$-10.7	\$5.6	\$-17.0

5. Indirect Ratio:

	FY 2001	FY 2002	FY 2003
Total Indirect Costs (a)	\$620.6	\$583.2	\$606.8
Total Direct Costs (b)	\$1,606.1	\$1,564.4	\$1,507.8
Indirect Ratio (a)/(b)	38.6%	37.3%	40.2%

The increase from FY 2002 to FY 2003 is due to the decrease in orders coupled with civilian labor pricing growth, VSIP/VERA associated with completed CA studies and direct hiring incentives.

6. Capital Purchases Program:

	FY 2001	FY 2002	FY 2003
Equipment	\$11.3	\$8.2	\$8.5
Minor Construction	\$3.6	\$1.9	\$1.3
ADP/Telecommunications	\$8.9	\$8.5	\$5.8
Software	\$17.7	\$19.1	\$18.9
TOTAL	\$41.6	\$37.7	\$34.5

7. Activity Group - Carryover Reconciliation

	FY 2001	FY 2002	FY 2003
Gross Carryover	740.2	719.1	717.1
Less Work In Process	65.6	65.6	65.6
Less Foreign Military Sales	58.0	67.1	68.2
Less BRAC	0.8	.6	.5
Less Other Federal Sources	7.1	6.2	5.0
Less Non-Federal Sources	34.8	34.7	28.4
<u>Less Contractual Liabilities</u>	<u>193.6</u>	<u>184.6</u>	<u>174.4</u>
Net Carryover	380.3	360.3	375.0
Months	2.0	2.0	2.1

INDUSTRIAL BUDGET INFORMATION SYSTEM
REVENUE and EXPENSES
AMOUNT IN MILLIONS
NAWC DIV / TOTAL

PAGE 1

	FY 2001 CON	FY 2002 CON	FY 2003 CON
Revenue:			
Gross Sales			
Operations	2,186.3	2,098.8	2,068.4
Surcharges	12.1	8.0	4.0
Depreciation excluding Major Constructio	29.8	29.7	30.5
Other Income			
Total Income	2,228.3	2,136.5	2,102.9
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	11.2	9.5	9.4
Civilian Personnel	858.1	842.3	903.2
Travel and Transportation of Personnel	67.3	66.4	66.3
Material & Supplies (Internal Operations	218.4	187.0	185.8
Equipment	27.2	46.5	49.5
Other Purchases from NWCf	86.2	68.0	69.0
Transportation of Things	2.3	2.8	3.1
Depreciation - Capital	29.8	29.7	30.5
Printing and Reproduction	2.0	10.6	10.7
Advisory and Assistance Services	6.1	8.0	8.0
Rent, Communication & Utilities	50.1	49.5	50.1
Other Purchased Services	868.1	827.2	729.0
Total Expenses	2,226.7	2,147.6	2,114.6
Work in Process Adjustment	-9.4	.0	.0
Comp Work for Activity Reten Adjustment	.0	.0	.0
Cost of Goods Sold	2,217.3	2,147.6	2,114.6
Operating Result	11.0	-11.1	-11.7
Less Surcharges	-12.1	-8.0	-4.0
Plus Appropriations Affecting NOR/AOR	.0	.0	51.3
Other Changes Affecting NOR/AOR	.0	.0	.0
Extraordinary Expenses Unmatched	.0	.0	.0
Net Operating Result	-1.1	-19.1	35.6
Other Changes Affecting AOR	.0	.0	.0
Accumulated Operating Result	-16.5	-35.6	.0

INDUSTRIAL BUDGET INFORMATION SYSTEM
NAWC DIV / TOTAL
SOURCE of REVENUE
AMOUNT IN MILLIONS

	FY 2001 CON -----	FY 2002 CON -----	FY 2003 CON -----
1. New Orders	2,249	2,115	2,100
a. Orders from DoD Components	2,031	1,910	1,881
Department of the Navy	1,788	1,667	1,624
O & M, Navy	466	452	470
O & M, Marine Corps	12	13	13
O & M, Navy Reserve	1	2	2
O & M, Marine Corp Reserve	0	0	0
Aircraft Procurement, Navy	304	269	233
Weapons Procurement, Navy	51	50	51
Ammunition Procurement, Navy/MC	14	9	10
Shipbuilding & Conversion, Navy	75	76	79
Other Procurement, Navy	62	59	63
Procurement, Marine Corps	3	6	6
Family Housing, Navy/MC	7	8	8
Research, Dev., Test, & Eval., Navy	766	715	680
Military Construction, Navy	0	0	0
Other Navy Appropriations	20	3	3
Other Marine Corps Appropriations	0	0	0
Department of the Army	40	41	44
Army Operation & Maintenance	9	6	7
Army Res, Dev, Test, Eval	7	5	7
Army Procurement	20	27	28
Army Other	2	2	2
Department of the Air Force	56	52	63
Air Force Operation & Maintenance	9	7	10
Air Force Res, Dev, Test, Eval	26	27	31
Air Force Procurement	19	17	20
Air Force Other	0	0	0
DOD Appropriation Accounts	146	149	148
Base Closure & Realignment	0	0	0
Operation & Maintenance Accounts	28	18	23
Res, Dev, Test & Eval Accounts	57	51	55
Procurement Accounts	55	68	56
DOD Other	6	10	13
b. Orders from other WCF Activity Groups	90	97	102
c. Total DoD	2,122	2,007	1,983
d. Other Orders	127	107	117
Other Federal Agencies	17	10	10
Foreign Military Sales	61	56	67
Non Federal Agencies	47	40	39
2. Carry-In Orders	718	740	719
3. Total Gross Orders	2,968	2,855	2,820
a. Funded Carry-Over	740	719	717
b. Total Gross Sales	2,228	2,136	2,102
4. Revenue (-)	-2,228	-2,136	-2,102
5. End of Year Work-In-Process (-)	-65	-65	-65
6. Direct Contract Obligations(-)	-193	-184	-174
7. Non-DoD, BRAC, FMS, DWCF Orders (-)	-100	-108	-102
8. Net Funded Carryover	380	360	375
9. Months of Carryover	2.0	2.0	2.1

**FY 2003 President's Budget
Changes in Cost of Operations
Department of the Navy
Activity: NAWC
February 2002**

(\$ 000's)

1.	FY 2001 Estimated Actuals		2,217,260
2.	FY 2002 President's Budget		2,084,879
3.	Estimated Impact to FY2002 of Actual FY2001 experience		5,337
4.	Pricing Adjustments		5,484
	a. Annualization of Prior Year Pay Raises	0	
	1. Civilian Personnel	0	
	2. Military Personnel	0	
	b. FY 2002 Pay Raise	5,484	
	1. Civilian Personnel	5,484	
	2. Military Personnel	0	
	c. Stock Fund - Fuel	0	
	d. Stock Fund - Nonfuel	0	
	e. Working Capital Fund Purchases	0	
	f. General Purchases Inflation	0	
4.	Program Changes		51,938
	a. Productivity Initiatives & Other Efficiencies	(102)	
	1. CPP Productivity Initiatives	-102	
	2.		
	b. Workload Changes (List by Program/appropriation)	34,234	
	1. E-2C and E-2C CEC	7,015	
	2. Electronic Research	(6,146)	
	3. NAVSTAR GPS Equipment	1,932	
	4. EW Development	(3,468)	
	5. NSMA	6,186	
	6. E-2 Squadrons	2,790	
	7. Equipment Maintenance	(2,752)	
	8. TAAT/FLT Support/Readiness Support	(2,096)	
	9. Life Safety Deficiencies	6,191	
	10. Combating Terrorism	7,506	
	11. Air Systems Support	(13,054)	
	12. Fleet Tech Support	6,304	
	13. Ship Operational Support/Training	3,200	
	14. EP-3 Series	3,953	
	15. F/A-18 E/F	13,502	
	16. EA-6 Series Modifications	2,678	
	17. F-18 Series	2,600	
	18. DDG-51 (FF)	(11,200)	
	19. Shipboard Air Traffic Control	(1,814)	
	20. Catapults & Arresting Gear	2,262	
	21. NAVAIR Initial Spares & Repair Parts	(3,503)	
	22. Other Increases/Decreases <\$2M	(26,353)	
	23. Targets Maintenance	577	
	24. Program Related Engineering	11,026	
	25. Rolling Airframe Missile	(947)	
	26. Tomahawk	5,852	
	27. Joint Direct Attack Munition	16,664	
	28. Improved SLAM	361	
	29. F/A-18 Improvements	11,633	
	30. F/A-18 Variant	(3,228)	
	31. F/A-18 Tactical Reconnaissance	(1,423)	
	32. New Design SSN HM&E	896	
	33. Open Systems Core Avionics Requirement	(6,703)	
	34. ESSM	(4,527)	
	35. AMRAAM	3,190	
	36. NAWC BOS	2,384	
	37. Special Weapons Rework	2,746	
	c. Other Changes	17,806	
	1. Decreased Depreciation Expense	(1,697)	
	2. Facilities Maintenance	11,728	
	3. DFAS Cost Decrease	(328)	
	4. MRTFB Overhead Expense	(458)	
	5. Severance, 15% Retirement Reimbursement	1,563	
	6. Utility Increase	7,645	
	7. Functional Transfer of White Sands from NAVAIR to NAVSEA	(13,458)	
	8. Other Increases/Decreases <\$2M	12,811	
5.	FY 2002 Current Estimate		2,147,638

**FY 2003 President's Budget
Changes in Cost of Operations
Department of the Navy
Activity: NAWC
February 2002**

		(\$ 000's)
6.	FY 2002 Current Estimate	2,147,638
7.	Pricing Adjustments	95,092
	a. Annualization of Prior Year Pay Raises	11,162
	1. Civilian Personnel	10,998
	2. Military Personnel	164
	b. FY 2003 Pay Raise	15,676
	1. Civilian Personnel	15,383
	2. Military Personnel	293
	c. Full costing of CSRS/FEHB	51,317
	d. Stock Fund - Fuel	(2,950)
	e. Stock Fund - Nonfuel	4,734
	f. Working Capital Fund Purchases	1,851
	g. General Purchases Inflation	11,957
	h. Labor Inflation	1,345
8.	Program Changes	-128,126
	a. Productivity Initiatives & Other Efficiencies	(21,501)
	1. A-76 Net Savings	(8,992)
	2. BPR Net Savings	(12,440)
	3. CPP Productivity Savings	(69)
	b. Workload Changes (List by Program/appropriation)	(113,328)
	1. E-2C CEC	(3,005)
	2. JSF	2,534
	3. Navigation ID Systems	3,033
	4. Standards Development	(6,530)
	5. Aircrew Systems Development	(2,041)
	6. Shipboard Aviation Systems	6,325
	7. V-22	(8,223)
	8. ASW & Other Helo Development	(2,906)
	9. USMC H-1 Upgrades	(3,892)
	10. EW Development	(2,491)
	11. F18C Reece Sharp	(2,420)
	12. F/A-18 Squadrons	(4,276)
	13. E-2 Squadrons	2,536
	14. F-14 Upgrade	(2,175)
	15. Maintenance & Repair	2,908
	16. Life Safety Deficiencies	3,612
	17. Combating Terrorism	(4,143)
	18. Air Systems Support	(3,961)
	19. KC-130J	(2,332)
	20. A/C Spares & Repair Parts	(2,197)
	21. Common Ground Equipment	(2,589)
	22. Production Engineering	3,120
	23. AV-8B	(3,827)
	24. T-45TS	(4,920)
	25. P-3 Series	(6,745)
	26. S-3 Series	(2,280)
	27. SH-60 Series	(2,076)
	28. F/A-18 E/F	(5,911)
	29. EA-6 Series Modifications	(2,724)
	30. DDG-51 (FF)	(2,214)
	31. Other DoD Programs	(13,820)
	32. Army Programs	(2,934)
	33. Other Program Increases/Decreases < \$2M	(37,654)
	35. SLAM	5,011
	36. New Design SSN HM&E (F1947)	3,876
	37. Joint Direct Attack Munition	(3,707)
	38. Tomahawk	(2,717)
	39. AMRAAM	1,741
	40. Rolling Airframe Missile	(1,727)
	41. F/A-18 Tactical Reconnaissance	(1,587)
	c. Other Changes	6,703
	4. Utility and Other Cost Increases	1,672
	5. Depreciation (ERP and Other CPP Projects coming on line)	781
	6. VSIP/VERA, Severance, Retirement Reimbursement - 15%	1,350
	7. Direct Hiring Incentive Program	2,900
9.	FY 2003 Current Estimate	2,114,604

FY 2003 PRESIDENT'S BUDGET
CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - AIR WARFARE CENTER
(\$ in Millions)

ITEM LINE #	ITEM DESCRIPTION						FY 2001		FY 2002		FY 2003	
							QTY	TOTAL COST	QTY	TOTAL COST	QTY	TOTAL COST
8 AA 1 EL 8017 G R	1a. EQUIPMENT, OTHER THAN ADPE & TELECOM (>\$1M) Replacement LAND MOBILE COMMUNICATION TRUNKING SYSTEM						1	.800	1	.800		
4 WD 8 EL 0108 P P	Productivity MISSION PLANNING II						1	1.000	1	.950	1	.900
4 AA 1 EL 4117 P N	New Mission SHIP/AIR MISSION SYSTEM SUPPORT						1	1.120				
8 AA 2 EL 8410 G N	P-420 SECURITY EQUIPMENT								1	.299	1	1.513
4 AA 1 EL 4440 P E	Environmental Compliance ELEC. POWER SYS CLOSED LOOP COOLING WATER						1	1.258				
	SUBTOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM (>\$1M)						4	4.178	3	2.049	2	2.413
NN EU 0000	1b. EQUIPMENT, OTHER THAN ADPE & TELECOM (<\$1M)						19	7.130	19	6.166	21	6.076
	2. TOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM						23	11.308	22	8.215	23	8.489
NN MC 0000	3. MINOR CONSTRUCTION						7	3.644	5	1.871	3	1.267
	TOTAL NON-ADP CAPITAL PURCHASES PROGRAM						30	14.952	27	10.086	26	9.756

FY 2003 PRESIDENT'S BUDGET
CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - AIR WARFARE CENTER
(\$ in Millions)

ITEM LINE #	ITEM DESCRIPTION						FY 2001		FY 2002		FY 2003	
							QTY	TOTAL COST	QTY	TOTAL COST	QTY	TOTAL COST
	1a. ADP & TELECOMMUNICATIONS EQUIPMENT (>\$1M)											
	Computer Hardware (Production)											
4 AB 1 KL 4820 P P	IMMERSIVE DESIGN OPTIMIZATION SYSTEM						1	1.342	1	.525		
7 AA 2 KL 723C G P	CORPORATE COMPUTING TECHNOLOGY INSERTION								1	1.078		
	Telecommunications											
7 AB 0 TL 7240 G N	EXTENSION OF FIBER OPTIC/UTP INFRASTRUCTURE								1	.577		
7 WD 3 TL 0084 G R	COMMUNICATION SYSTEM UPGRADE						1	1.250	1	.968	1	1.340
7 AA 8 TL 0723 G R	FIBER OPTIC TRANSMISSION EQUIPMENT						1	.449				
7 AA 1 TL 7231 G R	OPTICAL REMOTE PHONE SWITCH MODULE						1	1.449				
4 WD 1 TL 9106 P R	INTEGRATED BATTLESPACE ARENA IMPROVEMENTS (IBAR) PHASE 1 AND 2						1	.368	1	.805	1	1.100
8 WD 2 TL 6152 G R	RADIO COMMUNICATIONS NETWORK UPGRADE								1	1.239	1	.953
	SUBTOTAL ADPE & TELECOMMUNICATIONS (>\$1M)						5	4.858	6	5.192	3	3.393
NN KU 0000	1b. ADPE & TELECOMMUNICATIONS (<\$1M)						11	4.076	12	3.360	8	2.450
	2. TOTAL ADPE & TELECOMMUNICATIONS						16	8.934	18	8.552	11	5.843
	3a. SOFTWARE DEVELOPMENT (>\$1M)											
NN DL 0002	Internally Developed											
NN DL 0001	NETWORK CENTRIC WARFARE IMPLEMENTATION (BPR)						2	5.750	2	2.700	2	2.800
	ENTERPRISE RESOURCE PLANNING (ERP)						2	11.964	2	16.389	2	15.809
	SUBTOTAL SOFTWARE DEVELOPMENT (>\$1M)						4	17.714	4	19.089	4	18.609
NN DU 0000	3b. SOFTWARE DEVELOPMENT (<\$1M)						0	.000	0	.000	1	.300
	3. TOTAL SOFTWARE DEVELOPMENT						4	17.714	4	19.089	5	18.909
	TOTAL ADP CAPITAL PURCHASES PROGRAM						20	26.648	22	27.641	16	24.752
	GRAND TOTAL CAPITAL PURCHASES PROGRAM						50	41.600	49	37.727	42	34.508

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FY2003 PRESIDENT'S BUDGET																						
B. Department of the Navy/Research & Development						C. LAND MOBILE COMMUNICATION TRUNKING SYSTEM					D. Patuxent River																					
						8AA1EL8017GR																										
			2001			2002			2003																							
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost																				
INVESTMENT COST				1	800	800	1	800	800																							
OPERATIONAL DATE 31-May-02 METRICS: <table style="width:100%; border-collapse: collapse;"> <tr> <td style="width: 25%;"></td> <td style="width: 25%; text-align: center;"><u>AVOIDANCE</u></td> <td style="width: 25%; text-align: center;"><u>SAVINGS</u></td> <td style="width: 25%; text-align: center;"><u>TOTAL</u></td> </tr> <tr> <td>PROJECTED ANNUAL SAVINGS</td> <td style="text-align: right;">\$371,800</td> <td style="text-align: right;">\$0</td> <td style="text-align: right;">\$371,800</td> </tr> <tr> <td>AVERAGE ANNUAL SAVINGS (Discounted)</td> <td style="text-align: right;">\$228,455</td> <td style="text-align: right;">\$0</td> <td style="text-align: right;">\$228,455</td> </tr> <tr> <td>PAYBACK PERIOD</td> <td style="text-align: right;">5.9</td> <td style="text-align: right;">#DIV/0!</td> <td style="text-align: right;">5.9</td> </tr> <tr> <td>RATE OF RETURN (ROR)</td> <td style="text-align: right;">14%</td> <td style="text-align: right;">0%</td> <td style="text-align: right;">14%</td> </tr> </table>														<u>AVOIDANCE</u>	<u>SAVINGS</u>	<u>TOTAL</u>	PROJECTED ANNUAL SAVINGS	\$371,800	\$0	\$371,800	AVERAGE ANNUAL SAVINGS (Discounted)	\$228,455	\$0	\$228,455	PAYBACK PERIOD	5.9	#DIV/0!	5.9	RATE OF RETURN (ROR)	14%	0%	14%
	<u>AVOIDANCE</u>	<u>SAVINGS</u>	<u>TOTAL</u>																													
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PAYBACK PERIOD	5.9	#DIV/0!	5.9																													
RATE OF RETURN (ROR)	14%	0%	14%																													
PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.) 1. DESCRIPTION & PURPOSE OF PROJECT. Replacement of current land mobile communication trunking system. 2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? All public safety and project communications on board Naval Air Station (NAS), Patuxent River, are handled by the trunked communications system that was installed in 1989. The Department of Commerce's National Telecommunications and Information Administration (NTIA) proposed and are currently implementing the digital and narrowband standard. This standard doubles the number of available frequencies by using digital signal processing which requires half of the bandwidth formally allocated per radio frequency channel. All federal agencies are required to comply with this standard by 01 January 2008. In order to bridge the gap by avoiding a large cost in the year 2007 to cover this requirement, we are recommending a phased-in approach, with the largest cost incurred in the year 2001. The Naval Air Warfare Center Aircraft Division (NAWCAD) has over 300 customers currently using this older system. Much of the customer based (portable/mobile) equipment is nearing the end of its expected life cycle, which coincides well with the implementation of our phased-in approach. This results in adherence to the new standard. Compliance with this standard can only be obtained through replacements or upgrades. This project involves replacing 180 units owned by the NAS and total system replacement. 3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? Upgrading existing system components and replacing NAS customer units was considered. This would not provide the communications available with the digital and narrowband standard. 4. IMPACT IF NOT ACQUIRED. Failure to comply with this ruling by the deadline could result in communications being shut down at NAWCAD Patuxent River. 5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.																																

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FY2003 PRESIDENT'S BUDGET																						
B. Department of the Navy/Research & Development							C. MISSION PLANNING II				D. China Lake																					
							4WD8EL0108PP																									
				2001			2002			2003																						
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost																				
INVESTMENT COST				1	1,000	1,000	1	950	950	1	900	900																				
OPERATIONAL DATE 1-Dec-07																																
METRICS: <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"></th> <th style="text-align: right;"><u>AVOIDANCE</u></th> <th style="text-align: right;"><u>SAVINGS</u></th> <th style="text-align: right;"><u>TOTAL</u></th> </tr> </thead> <tbody> <tr> <td>PROJECTED ANNUAL SAVINGS</td> <td style="text-align: right;">\$7,271,422</td> <td style="text-align: right;">\$0</td> <td style="text-align: right;">\$7,271,422</td> </tr> <tr> <td>AVERAGE ANNUAL SAVINGS (Discounted)</td> <td style="text-align: right;">\$4,467,974</td> <td style="text-align: right;">\$0</td> <td style="text-align: right;">\$4,467,974</td> </tr> <tr> <td>PAYBACK PERIOD</td> <td style="text-align: right;">1.2</td> <td style="text-align: right;">#DIV/0!</td> <td style="text-align: right;">1.2</td> </tr> <tr> <td>RATE OF RETURN (ROR)</td> <td style="text-align: right;">57%</td> <td style="text-align: right;">0%</td> <td style="text-align: right;">57%</td> </tr> </tbody> </table>														<u>AVOIDANCE</u>	<u>SAVINGS</u>	<u>TOTAL</u>	PROJECTED ANNUAL SAVINGS	\$7,271,422	\$0	\$7,271,422	AVERAGE ANNUAL SAVINGS (Discounted)	\$4,467,974	\$0	\$4,467,974	PAYBACK PERIOD	1.2	#DIV/0!	1.2	RATE OF RETURN (ROR)	57%	0%	57%
	<u>AVOIDANCE</u>	<u>SAVINGS</u>	<u>TOTAL</u>																													
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PAYBACK PERIOD	1.2	#DIV/0!	1.2																													
RATE OF RETURN (ROR)	57%	0%	57%																													
PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)																																
<p>1. DESCRIPTION & PURPOSE OF PROJECT. The purpose of the Mission Planning Facilities CPP is to provide NAWCWD with a broad spectrum of capabilities responsive to current and future mission planning requirements of aircraft and weapons systems programs. The effort is proceeding in four phases: 1) provide basic Tactical Aircraft Mission Planning System (TAMPS) and mission planning science and technology facilities (FY 92/3), 2) provide collaborative project capability between China Lake and Point Mugu (FY 94/5), 3) provide sensor to shooter connectivity (FY 96/01), and 4) provide for custom weapon tailoring (FY 02/06). The 02-06 phase has two modules: FY 02/03 - will include tools for real time allocation and utilization of weapons systems, building a rapid operation support capability and providing a mobile cell phone repeater for weapon connectivity; FY04/06 - will focus on system engineering tools for web based weapon integration, mission planning for real time operations and variable acuity display for data immersion.</p> <p>The current phase of sensor to shooter connectivity has two remaining modules: FY 98/99 - Distributed Data Base (including Dynamic Knowledge Management and Real-time Interpretation System) and simulation integration for constructive many on many simulation; and FY00/07 the focus will be towards the direct control of assets for research and development prototyping, with space sensor control capability in FY 2000 and tools for real time allocation and utilization of weapons systems in FY2001. Weapons tailoring capabilities will be the focus in FY02 through FY07.</p> <p>From FY98 to FY2007, the Mission Planning project will focus on database, fusion and communications integration (\$1M per year invested in FY98/99); this includes a Responsive Targeting Operations Center for fleet support, an image archive, organic targeting assets, and uplink capability. These capabilities will be exercised in a network across the southwestern region, linking numerous sites, facilities, platforms and weapons. By the end of FY00/001 (\$1M invested per year), the Rapid Targeting Infrastructure will provide custom targeting support to the tactical Warfighter via the dynamic allocation of operational assets. This capability will encompass mission aspects of hard kill, soft kill and deception. The final Phase of the Mission Planning investment, the capability for custom weapon tailoring, will become operational in the FY2006/07 timeframe.</p> <p>2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? The increasing sophistication of aircraft and weapon systems utilizing the Global Positioning System, automatic target recognition systems and knowledge of both the threats and terrain masking to survive are becoming dependent on mission planning systems to be operationally useful. Our ability to rapidly utilize tactical and national intelligence, and coordinate across unit, service and national barriers will enhance our operational capabilities. This CPP provides basic mission planning facilities, facilitates collaboration across NAWC sites to maximize program synergism and contributions from appropriate experts, and is building the connectivity, data base utilities and simulation support for minimizing travel and flight test in exchange for simulation and distributed interaction of supporting facilities. Projects affected include F/A-18 mission planning, Airborne Tactical Information Management System, Tactical Tomahawk, Joint Stand Off Weapon, Joint Direct Attack Munitions, and Arid Hunter.</p> <p>3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? Other alternatives considered have included 1) various contract options with industry, 2) going commercial, outsourcing the functional area along with the current workforce and using commercial applications, 3) going to universities that have similar capabilities.</p> <p>4. IMPACT IF NOT ACQUIRED. Failure to support the Mission Planning Initiative will seriously compromise our efforts to build a consensus and future vision in the mission planning arena. Coordination and capabilities to support military operations with tactical air weapons and cruise missiles will be significantly diminished. Mission planning response times will remain in the time frame of two days, as opposed to thirty minutes or less. The facilities and capabilities developed here support multiple programs sponsored by the National Reconnaissance Office, Navy Command & Control, the Program Executive Office for Cruise Missiles and Unmanned Aerial Vehicles, and the Program Manager for Tactical Aircraft Mission Planning. Specific requirements include mission planning response times of thirty minutes or less, direct access to National space sensors, rapid exploitation and transmission of weapon targeting materials to in-flight aircraft and missiles, and rapid weapon tailoring to optimize first pass kill potential.</p> <p>5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.</p>																																

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FY2003 PRESIDENT'S BUDGET																						
B. Department of the Navy/Research & Development							C. SHIP/AIR MISSION SYSTEM SUPPORT				D. Patuxent River																					
							4AA1EL4117PN																									
				2001			2002			2003																						
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost																				
INVESTMENT COST				1	1,120	1,120			0																							
OPERATIONAL DATE 30-Sep-02																																
<table border="0"> <tr> <td>METRICS:</td> <td><u>AVOIDANCE</u></td> <td><u>SAVINGS</u></td> <td><u>TOTAL</u></td> </tr> <tr> <td>PROJECTED ANNUAL SAVINGS</td> <td>\$485,280</td> <td>\$0</td> <td>\$485,280</td> </tr> <tr> <td>AVERAGE ANNUAL SAVINGS (Discounted)</td> <td>\$298,184</td> <td>\$0</td> <td>\$298,184</td> </tr> <tr> <td>PAYBACK PERIOD</td> <td>2.8</td> <td>#DIV/0!</td> <td>2.8</td> </tr> <tr> <td>RATE OF RETURN (ROR)</td> <td>27%</td> <td>0%</td> <td>27%</td> </tr> </table>													METRICS:	<u>AVOIDANCE</u>	<u>SAVINGS</u>	<u>TOTAL</u>	PROJECTED ANNUAL SAVINGS	\$485,280	\$0	\$485,280	AVERAGE ANNUAL SAVINGS (Discounted)	\$298,184	\$0	\$298,184	PAYBACK PERIOD	2.8	#DIV/0!	2.8	RATE OF RETURN (ROR)	27%	0%	27%
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RATE OF RETURN (ROR)	27%	0%	27%																													
PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)																																
<p>1. DESCRIPTION & PURPOSE OF PROJECT. This funding request is for acquisition of an AEGIS Baseline 7 weapons control system for installation at the NAWCAD Patuxent River Ship Ground Station (SGS). Baseline 7 is network based commercial off the shelf (COTS) system and is the backbone of post-2000 AEGIS and SC-21 ship combat systems. The acquisition will include the minimal configuration necessary to support LAMPS MK III Block II integrated mission systems test and evaluation (T&E). Baseline 7 provides an open, expandable architecture system to permit integration of additional ship/air mission systems at low cost (e.g., Cooperative Engagement Capability (CEC), Common High Bandwidth Data Link (CHBDL), Link 16) and permit integrated ship/air mission systems T&E support for all NAWCAD Patuxent River platforms.</p> <p>The SGS is the only facility of its kind in the Navy. It is dedicated to T&E of integrated ship/air mission systems. The actual FFG7 and DD963 shipboard systems required for end-to-end test of LAMPS MK III interfaced ship/air weapons, surveillance and sensor systems are resident. Tests are performed with FFG7 or DD963 combat direction system configurations integrated with LAMPS shipboard electronics using system cables duplicating target installation requirements. The facility is collocated with Fleet configured helo's. The majority of tests requiring use of the LAMPS data link are performed with helo's on the deck. For example, in FY97, with no major T&E program in progress, the SGS provided LAMPS MK III integrated mission systems support for test events totaling 183 flight hours and 317 ground hours (25% of SGS utilization). Minimal flight hours are expended for each test program. Further, tests are not restricted due to aircraft endurance. Test programs are shortened and substantial flight costs avoided.</p> <p>2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? LAMPS operations are transitioning to a littoral environment. New mission areas are evolving and ship/air mission systems interface requirements are being redefined. Contemporary operations are emphasizing joint interoperability. Equipment is transitioning to network based COTS mission systems. The Navy has placed FFG-7 and DD-963 class ships in caretaker status. Their combat systems, resident in the SGS, use point-to-point interfaces that are not compatible with network based systems. Legacy platforms and systems are being maintained at the status quo. They will be retired as post-2000 era ships and air platforms are introduced. As a result, integrated ship/air mission systems interface requirements and corresponding support requirements are evolving and changing rapidly. Their T&E needs must be accommodated. In order to accommodate T&E of new, network based COTS integrated ship/air mission systems and their associated interfaces planned for FY02 and beyond, a combat system upgrade is required at the SGS. Baseline 7 is the backbone of post-2000 AEGIS and SC-21 ships combat systems. A Baseline 7 acquisition provides the SGS an open, expandable architecture system that permits integration of additional ship/air mission systems at low cost [e.g., Cooperative Engagement Capability (CEC), Common High Bandwidth Data Link (CHBDL), Link 16]. With Baseline 7, integrated ship/air mission systems T&E support can be provided for all NAWCAD Patuxent River platforms. Besides meeting immediate needs, selection of the Baseline 7 system positions the SGS for continuing upgrades at minimum cost and impact.</p> <p>3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? There is only one alternative - conduct tests elsewhere. The Present Method reflects costs based on the fact that not upgrading the SGS would require deploying the technical test team members and essential equipment to other sites to perform required flight tests; e.g., Wallops Island, VA or Moorestown, NJ. It is a very conservative estimate based on support requirements for ship/air mission systems in life cycle maintenance. Only 25% SGS usage is reflected and major T&E programs are not addressed. When testing at other sites, scientific control of ship/air mission systems equipment is difficult to maintain and test periods require lengthening to ensure adequate system grooming with assets provided from disparate activities. Tests that would normally be conducted using the SGS and a collocated NAWCAD helo in the hangar necessitate use of an airborne helo at any other test site. A requirement for redundant systems would be established. Scheduling would always require coordination between at least two (2) geographically displaced participants involved in multiple programs. Canceled events would be very difficult to reschedule. The risk of delaying multiple sponsors programs milestones and costs to the Navy would increase.</p> <p>4. HAS THE CUSTOMER(S) BEEN INVOLVED IN THE SOLUTION AND DO THEY AGREE WITH IT? Yes.</p> <p>5. IMPACT IF NOT ACQUIRED. All program planning has been predicated on testing on site at the SGS (Proposed Method). The increased costs associated with the Present Method assessed in question 3) represent additional unplanned costs to the Navy that are avoided with the Proposed Method for programs in life cycle maintenance. But, failure to upgrade will result in the rapid, technical obsolescence of the SGS because the Navy is phasing out the legacy systems resident in the facility. Those systems are not compatible with the network based COTS equipment on the horizon. The programs addressed in paragraph 4 above can not be supported adequately without the upgrade. Miscellaneous minor projects with anticipated revenue of \$0.5M and the current annual revenue of \$1.8 M, of which approximately 80% is funded by NAVSEA will be also lost.</p> <p>There will be a major detrimental impact to NAWCAD's ability to continue marketing technical services to customers desiring access to a modern ship combat system collocated with air assets for integrated ship/air mission systems support.</p> <p>6. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.</p>																																

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FY2003 PRESIDENT'S BUDGET																						
B. Department of the Navy/Research & Development							C. P-420 SECURITY EQUIPMENT				D. Patuxent River																					
							8AA2EL8410GN																									
				2001			2002			2003																						
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost																				
INVESTMENT COST						0	1	299	299	1	1,513	1,513																				
OPERATIONAL DATE 1-Apr-03 METRICS: <table style="width:100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: center;"><u>AVOIDANCE</u></td> <td style="text-align: center;"><u>SAVINGS</u></td> <td style="text-align: center;"><u>TOTAL</u></td> </tr> <tr> <td>PROJECTED ANNUAL SAVINGS</td> <td style="text-align: right;">\$643,973</td> <td style="text-align: right;">\$0</td> <td style="text-align: right;">\$643,973</td> </tr> <tr> <td>AVERAGE ANNUAL SAVINGS (Discounted)</td> <td style="text-align: right;">\$395,694</td> <td style="text-align: right;">\$0</td> <td style="text-align: right;">\$395,694</td> </tr> <tr> <td>PAYBACK PERIOD</td> <td style="text-align: right;">3.5</td> <td style="text-align: right;">#DIV/0!</td> <td style="text-align: right;">3.5</td> </tr> <tr> <td>RATE OF RETURN (ROR)</td> <td style="text-align: right;">22%</td> <td style="text-align: right;">0%</td> <td style="text-align: right;">22%</td> </tr> </table>														<u>AVOIDANCE</u>	<u>SAVINGS</u>	<u>TOTAL</u>	PROJECTED ANNUAL SAVINGS	\$643,973	\$0	\$643,973	AVERAGE ANNUAL SAVINGS (Discounted)	\$395,694	\$0	\$395,694	PAYBACK PERIOD	3.5	#DIV/0!	3.5	RATE OF RETURN (ROR)	22%	0%	22%
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RATE OF RETURN (ROR)	22%	0%	22%																													
PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.) <div style="border: 1px solid black; padding: 5px;"> <p>1. DESCRIPTION & PURPOSE OF PROJECT. This submission allows for the module 1 and 2 of the procurement/installation of the P-420 Security Equipment project. This project is expected to complete the first two phases in FY02 and FY03. The P-420 Security Equipment includes the procurement of fence sensors, access control, perimeter sensors, and CCTV (Closed Circuit Television) slated for installation at existing sites. The fence sensors will identify if the fences are cut or climbed, access control (card readers) will monitor gates and turnstiles, perimeter sensors for areas that could not be covered by fencing, and CCTV to cover the access control points when manpower is not available.</p> <p>2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? NAWCAD has a non-compliance issue with regard to the protection of aviation assets. This is mandated by OPNAV Instruction 5530.14B. The P-420 Equipment will give the protection mandated by OPNAV Instruction 5530.14B. The Instruction outlines access control, surveillance, fence/perimeter sensors, and CCTV.</p> <p>3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? Contracting out the cost to accommodate an increase in the protection of base assets is estimated at \$1,345,000.</p> <p>4. IMPACT IF NOT ACQUIRED. If the project is not funded, the Patuxent River complex will be in violation of OPNAV Instruction 5530.14B.</p> <p>5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.</p> </div>																																

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FY2003 PRESIDENT'S BUDGET		
B. Department of the Navy/Research & Development							C. IMMERSIVE DESIGN OPTIMIZATION SYSTEM 4AB1KL4820PP				D. Lakehurst	
				2001			2002			2003		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
INVESTMENT COST				1	1,342	1,342	1	525	525			
OPERATIONAL DATE		1-Mar-02										
METRICS:		<u>AVOIDANCE</u>	<u>SAVINGS</u>	<u>TOTAL</u>								
PROJECTED ANNUAL SAVINGS		\$634,855	\$165,000	\$799,855								
AVERAGE ANNUAL SAVINGS (Discounted)		\$481,320	\$125,096	\$606,416								
PAYBACK PERIOD		3.7	NA	2.8								
RATE OF RETURN (ROR)		26%	7%	32%								
<p><u>PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)</u></p> <p>1. DESCRIPTION & PURPOSE OF PROJECT. The goal of this project is to optimize the design-to-manufacturing cycle of support equipment (SE) and aircraft launch and recovery equipment (ALRE) created at NAWCAD through the implementation of a dedicated interactive immerse design optimization system (IDOS) and subordinate processes. The purpose of this project is to provide an electronic environment that allows engineers to identify and test perceived critical parameters involved in the design-through-manufacturing processes to assess their impacts on the efficiency of component and assembly SE and ALRE production systems and to develop a cause and effect knowledge through the use of simulation modeling, prior to expending time and procuring raw materials. Immerse as used in this context involves all technologies and practices commonly associated with the term virtual reality (VR). The development of this project will address requirements to design, build and simulate projects and/or system designs, "virtually", under the most realistic conditions possible while reducing the necessity for manufactured prototypes.</p> <p>The critical nature of SE and ALRE products in Navy weapon systems challenges NAWCAD to apply automation technology to manufacturing processes. System modeling and simulation can pay large dividends in the engineering and manufacturing phases through the use of mathematical modeling and virtual control systems, and save money on prototype experiments. In manufacturing situations, NAWCAD engineers must make allowances for large numbers of contending facts. An expert system, such as IDOS, can help automatically navigate through the mass of facts and alternatives to a practical and efficient solution. The modeling and simulation of real events, rather than the manufacturing and testing of real materials, parts, and assemblies will help to devise improved processes and products that will benefit the fleet, while reducing overall production costs.</p> <p>2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? In the current environment, NAWCAD engineers are unable to subject large system designs to various environmental and application conditions prior to an actual prototype being manufactured. Through the use of a robust IDOS, this method can be streamlined to provide cost reductions in manufacturing and critical time savings in the design through product implementation phases. This system will allow NAWCAD to deliver a more fully tested and reliable quality product to the fleet in a shorter time frame.</p> <p>3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? An alternative to this proposal is to maintain the status quo, where design, manufacturing and testing are done in a physical realm. Such an alternative does not support the underlying foundation which ultimately satisfies the imperative requirement of reducing design cycle time while maintaining design precision and accuracy, minimizing overall project costs and overall product to market scenarios to which all NAWCAD projects are subject.</p> <p>4. IMPACT IF NOT ACQUIRED. If not funded, the capabilities for Lakehurst to produce quality SE and ALRE products to the fleet through the use of available technology will be compromised. Engineering, prototyping, and manufacturing costs will maintain their current level and not be reduced through the benefits derived from IDOS. Both R&D programs and NAWCAD manufacturing capabilities risk short and long term reduction in their sustaining business base in their cognizant product areas.</p> <p>5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.</p>												

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FY2003 PRESIDENT'S BUDGET																						
B. Department of the Navy/Research & Development							C. CORPORATE COMPUTING TECHNOLOGY INSERTION			D. Patuxent River																						
							7AA2KL723CGP																									
				2001			2002			2003																						
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost																				
INVESTMENT COST						0	1	1,078	1,078																							
OPERATIONAL DATE 30-Mar-02 METRICS: <table border="1"> <thead> <tr> <th></th> <th>AVOIDANCE</th> <th>SAVINGS</th> <th>TOTAL</th> </tr> </thead> <tbody> <tr> <td>PROJECTED ANNUAL SAVINGS</td> <td>\$730,427</td> <td>\$0</td> <td>\$730,427</td> </tr> <tr> <td>AVERAGE ANNUAL SAVINGS (Discounted)</td> <td>\$553,779</td> <td>\$0</td> <td>\$553,779</td> </tr> <tr> <td>PAYBACK PERIOD</td> <td>1.7</td> <td>#DIV/0!</td> <td>1.7</td> </tr> <tr> <td>RATE OF RETURN (ROR)</td> <td>51%</td> <td>0%</td> <td>51%</td> </tr> </tbody> </table>														AVOIDANCE	SAVINGS	TOTAL	PROJECTED ANNUAL SAVINGS	\$730,427	\$0	\$730,427	AVERAGE ANNUAL SAVINGS (Discounted)	\$553,779	\$0	\$553,779	PAYBACK PERIOD	1.7	#DIV/0!	1.7	RATE OF RETURN (ROR)	51%	0%	51%
	AVOIDANCE	SAVINGS	TOTAL																													
PROJECTED ANNUAL SAVINGS	\$730,427	\$0	\$730,427																													
AVERAGE ANNUAL SAVINGS (Discounted)	\$553,779	\$0	\$553,779																													
PAYBACK PERIOD	1.7	#DIV/0!	1.7																													
RATE OF RETURN (ROR)	51%	0%	51%																													
PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)																																
<p>1. DESCRIPTION & PURPOSE OF PROJECT. The purpose of this project is to upgrade and consolidate selected Naval Air Warfare Center Aircraft Division (NAWCAD) NT and SUN servers (3- 6500's and 1- 6000) into one Enterprise 10000 server, as well as upgrade the current NT servers that support NAWCAD corporate applications. The SUN's Enterprise 10000 system is the only server in the industry that offers dynamic system domains and system partitioning that creates self-contained servers within a server. Processors, memory, and input/output (I/O) can be expanded seamlessly and transparently, with linear increases in overall system, user, and application performance. Mainframe like partition capabilities permit extremely flexible processor and memory configurations that improve resource management and availability. Currently NAWCAD has a 30+ NT server that services web sites, imaging services, workflow, and databases. These mid-tier NT servers will be at the end of their useful life and require upgrading and/or replacement in order to support current and future NAWCAD corporate database requirements.</p> <p>2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? The current system consists of four servers that interact with each other. This causes increased network traffic and slower processing times for the end-user. The goal of this project is to manage resources at an optimal service level for the lowest possible cost to the organization thereby improving efficiencies. In addition, the distributed systems cause many users to perform double duties as System Administrators. When systems are consolidated, an experienced System Administrator can do a much better job of bringing together multiple, disparate platforms and run them as a single, seamless environment. The System Administration staff can be decreased, as the amount of servers decrease. Historically, 7.2 has purchased two servers per year to cover the expanding user requirements. The Enterprise 10000 will reduce the number of hardware and software platforms that are required and can apply standardized procedures and disciplines to a streamlined, re-centralized environment. Furthermore, the current space for servers is limited. If NAWCAD had one system, it would decrease the amount of floor space needed to house the equipment. Last, the corporate NT servers will need to be upgraded and/or replaced due to performance requirements and the increased customer's usage of the servers. This will cause the labor and hardware maintenance to cost more than the new system by FY02.</p> <p>3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? The only alternative would be to purchase a new server for every new application required for NAWCAD. This is not a cost effective solution to the issue.</p> <p>4. IMPACT IF NOT ACQUIRED. The impact if not required is that the network traffic will increase, leading to slower data processing. In addition, if another application is created more servers would have to be bought to house them and would thereby increase material, maintenance, and System Administration costs. Last, the current floor space is limited. If NAWCAD is forced to add more servers, we would have space problems.</p> <p>5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.</p>																																

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)											A. FY2003 PRESIDENT'S BUDGET	
B. Department of the Navy/Research & Development							C. EXTENSION OF FIBER OPTIC/UTP INFRASTRUCTURE 7AB0TL7240GN					D. NAWCAD Lakehurst
				2001			2002			2003		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
INVESTMENT COST							1	577	577			
OPERATIONAL DATE 1-Apr-02												
METRICS: AVOIDANCE SAVINGS TOTAL												
PROJECTED ANNUAL SAVINGS \$788,000 \$0 \$788,000												
AVERAGE ANNUAL SAVINGS (Discounted) \$484,192 \$0 \$484,192												
PAYBACK PERIOD 3.5 #DIV/0! 3.5												
RATE OF RETURN (ROR) 21% 0% 21%												
PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)												
1. DESCRIPTION & PURPOSE OF PROJECT. The purpose of this project is to procure and install Fiber Optic Media from nodes on the existing network to critical sites within the Naval Air Warfare Center Aircraft Division (NAWCAD). In addition, this project will procure and install 100 base-TX media and switch hubs within buildings at NAWCAD. Currently, the buildings do not have the capability to access Corporate Automated Data Processing (ADP) applications or have access to user specific ADP resources within the Navy Wide Area Network (NAVWAN).												
The Fiber Optic media will be extended to the following buildings: Test tracks 1,2,3,4 and 5, near far end (Test Dept); Cryogenics Lab (MTD); Hazardous Material Facility (Safety); Ground Electronics, Bldg. 46 (Air Dept); Prototype Shop, Bldg. 33, (Engineering/MTD/Concurrent Eng Network); Research Approach Landing System (RALS) Tower (Test); Bldgs 33, 480, 481, 485 (Command); 10 Base-TX Media will be installed in offices and work spaces in: Bldg. 551; Cryogenics Lab; Hazardous Material Facility; Bldgs 33, 480, 481, 485; Building 8009 to south end of St. Inigoes.												
2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? The current problem is that the Dial-up Networking does not support Infolink or Corporate Applications, and database applications required at the sites listed above. In addition, the performance of other Network applications are inadequate via dial-up networking. These problems are becoming critical as new requirements for automated processes are implemented. This project will extend the NAWCAD Network to test sites and other remote sites. The project will solve the problem because data collection and retrieval at the test tracks and RALS Tower will be done more efficiently and remotely. In addition, the project will provide a direct connection between Computer Aided Design (CAD) and the Computer Aided Manufacturing (CAM) facility known as the Prototype Shop, Bldg. 331.												
3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? One alternative is the Microwave and T3 communications. The cost of the Microwave and the required maintenance would be prohibitive for the quantity of Microwave links required. Microwave is also less reliable and offers less capability for expansion and implementation of new technologies. The existing copper cable plant to the remote sites is inadequate to support the quantity of T3 links required. The cost of T3 end equipment, upgrading the existing copper cable plant, and maintenance is not cost effective and offers no capability for expansion or for implementation of new technologies.												
4. HAS THE CUSTOMER(S) BEEN INVOLVED IN THE SOLUTION AND DO THEY AGREE WITH IT? The following customers in the user community have been involved in the planning and concur with this proposal: Fiber to test tracks - Test Department concurs Fiber to Cryogenics - Manufacturing Technologies Department (MTD) concurs Fiber to Hazardous Material facility - Safety Department concurs Fiber to Ground Electronics Maintenance Branch - Air Department concurs Fiber to Prototype Shop - MTD concurs, Engineering Code 4.8 concurs Fiber to RALS Tower - Test Department concurs Fiber to Bldg. 33, 480, 481, 485 - Command/Admin concur Fiber from Building 8009 to the south end of St. Inigoes - St. Inigoes concurs												
5. IMPACT IF NOT ACQUIRED. If this project is not acquired, users in remote sites will not be able to access Local Area Network (LAN) resources from their work spaces. In addition, those resources that can be accessed via dial-up networking will not function efficiently. Furthermore, users will have to travel to buildings that are on the Network and find an available work station to access network resources. Lastly, automated data collection and real-time data functions cannot be performed at test tracks 1, 2, 3, 4, 5, or the RALS Tower.												
6. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.												

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FY2003 PRESIDENT'S BUDGET																						
B. Department of the Navy/Research & Development							C. COMMUNICATION SYSTEM UPGRADE RDT&E NETWORK 7WD3TL0084GR				D. CHINA LAKE																					
				2001			2002			2003																						
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost																				
INVESTMENT COST				1	1,250	1,250	1	968	968	1	1,340	1,340																				
OPERATIONAL DATE 30-Sep-03 METRICS: <table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:25%;"></td> <td style="width:25%; text-align: center;"><u>AVOIDANCE</u></td> <td style="width:25%; text-align: center;"><u>SAVINGS</u></td> <td style="width:25%; text-align: center;"><u>TOTAL</u></td> </tr> <tr> <td>PROJECTED ANNUAL SAVINGS</td> <td style="text-align: right;">\$558,383</td> <td style="text-align: right;">\$0</td> <td style="text-align: right;">\$558,383</td> </tr> <tr> <td>AVERAGE ANNUAL SAVINGS (Discounted)</td> <td style="text-align: right;">\$423,342</td> <td style="text-align: right;">\$0</td> <td style="text-align: right;">\$423,342</td> </tr> <tr> <td>PAYBACK PERIOD</td> <td style="text-align: right;">3.3</td> <td style="text-align: right;">#DIV/0!</td> <td style="text-align: right;">3.3</td> </tr> <tr> <td>RATE OF RETURN (ROR)</td> <td style="text-align: right;">28%</td> <td style="text-align: right;">0%</td> <td style="text-align: right;">28%</td> </tr> </table>														<u>AVOIDANCE</u>	<u>SAVINGS</u>	<u>TOTAL</u>	PROJECTED ANNUAL SAVINGS	\$558,383	\$0	\$558,383	AVERAGE ANNUAL SAVINGS (Discounted)	\$423,342	\$0	\$423,342	PAYBACK PERIOD	3.3	#DIV/0!	3.3	RATE OF RETURN (ROR)	28%	0%	28%
	<u>AVOIDANCE</u>	<u>SAVINGS</u>	<u>TOTAL</u>																													
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PAYBACK PERIOD	3.3	#DIV/0!	3.3																													
RATE OF RETURN (ROR)	28%	0%	28%																													
PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.) 1. DESCRIPTION & PURPOSE OF PROJECT. This project encompasses the RDT&E backbone data communications system for NAWCWPNS at the China Lake and Point Mugu sites. The purpose of the project is to upgrade the data carrying capacity and reliability of the system at specifically targeted segments which have either a rapidly growing demand or have particularly low capacity for their users. The introduction of current end equipment and infrastructure technology will modernize these segments enabling them to carry the high capacity application programs users are requiring to perform in the multi-site, Competency Aligned Organization (CAO). The data communication efforts identified for improvement include the integration of the WD net architecture with Western Test Range Complex network, Laboratory network upgrades, Consolidation of some RDT&E circuits, All of these segments interrelate to create a laboratory/RDT&E communications system. FY03: Upgrade remote switches in several laboratories from Ethernet to OC-3 ATM which will increase the network speed from 10Mbps to 155Mbps and provide increased capability to transmit additional data streams over the network and allow video transmission over the network. 2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? Many of the laboratories are running on technology that is many years old. This results in inefficient use of the fiber optic infrastructure currently in place and increased operations labor necessary to maintain and troubleshoot the system. The introduction of new, bandwidth intensive applications running over the communications system has also stretched the current system to its limits creating errors and delays in service. These delays and errors reduce the productivity of the majority of the laboratory and RDT&E workforce at NAWCWPNS. 3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? The other alternatives are: 1) Do nothing and live with the continuing reduction in capabilities and operations labor costs as new applications are added to the network. 2) Do nothing and limit the introduction of new applications on the network thus slowing the degradation of data communications performance. 3) Choose a different mix of segments to upgrade. Numbers 1 & 2 were eliminated due to the increased pressure on IT systems in today's CAO and business environment. Number 3 was eliminated since the selection of those segments funded by this project were arrived at through a customer prioritization process. 4. IMPACT IF NOT ACQUIRED. Without replacement equipment the RDT&E network will begin failing piece by piece. Without new equipment many new requests for network connectivity due to consolidation, moves, new construction or new performance requirements will not be accomplished. Network bottlenecks will be created due to higher levels of usage saturating the existing network capacity causing severe throughput degradation. This network has become a critical communications tool not only for China Lake/Point Mugu personnel, but also in their communication and data transfer with other NAWC/NAVAIR sites. 5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT Not applicable.																																

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FY2003 PRESIDENT'S BUDGET																						
B. Department of the Navy/Research & Development							C. INTEGRATED BATTLESPACE ARENA IMPROVEMENTS (IBAR) PHASE 1 & 2 4WD1TL9106PR				D. China Lake																					
		2000		2001			2002			2003																						
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost																				
INVESTMENT COST			0	1	368	368	1	805	805	1	1,100	1,100																				
OPERATIONAL DATE 30-Sep-03																																
METRICS: <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right;"><u>AVOIDANCE</u></th> <th style="text-align: right;"><u>SAVINGS</u></th> <th style="text-align: right;"><u>TOTAL</u></th> </tr> </thead> <tbody> <tr> <td>PROJECTED ANNUAL SAVINGS</td> <td style="text-align: right;">\$2,310,500</td> <td style="text-align: right;">\$0</td> <td style="text-align: right;">\$2,310,500</td> </tr> <tr> <td>AVERAGE ANNUAL SAVINGS (Discounted)</td> <td style="text-align: right;">\$1,419,702</td> <td style="text-align: right;">\$0</td> <td style="text-align: right;">\$1,419,702</td> </tr> <tr> <td>PAYBACK PERIOD</td> <td style="text-align: right;">0.9</td> <td style="text-align: right;">#DIV/0!</td> <td style="text-align: right;">0.9</td> </tr> <tr> <td>RATE OF RETURN (ROR)</td> <td style="text-align: right;">75%</td> <td style="text-align: right;">0%</td> <td style="text-align: right;">75%</td> </tr> </tbody> </table>														<u>AVOIDANCE</u>	<u>SAVINGS</u>	<u>TOTAL</u>	PROJECTED ANNUAL SAVINGS	\$2,310,500	\$0	\$2,310,500	AVERAGE ANNUAL SAVINGS (Discounted)	\$1,419,702	\$0	\$1,419,702	PAYBACK PERIOD	0.9	#DIV/0!	0.9	RATE OF RETURN (ROR)	75%	0%	75%
	<u>AVOIDANCE</u>	<u>SAVINGS</u>	<u>TOTAL</u>																													
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PAYBACK PERIOD	0.9	#DIV/0!	0.9																													
RATE OF RETURN (ROR)	75%	0%	75%																													
PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)																																
1. DESCRIPTION & PURPOSE OF PROJECT. The Integrated Battlespace Arena (IBAR) is a collection of nine (9) laboratories and facilities at the China Lake site dedicated to battlespace engineering at all levels. RDT&E from the sub-component level all the way up to the integrated "system of systems" level is routinely supported. This is the second of a multi-phased approach to continue to make the IBAR a world class, state of the art capability, which will continue to enable the scientists, engineers and technicians to deliver weapons and weapon systems to the warfighter. This phase 2 will upgrade, or replace several components in the various integrated laboratories and facilities. The areas targeted for this phase are the, Global Positioning System/Inertial Systems (GPS/INS) Laboratory, IR Target Presentation, Data Link, Signal Processing Development Laboratory, Virtual Prototype Facility and the upgrade of several infrastructure elements in the IBAR, the general laboratory's high pressure gas system, network. In addition to the facilities mentioned above, this Phase will begin the upgrade for the Cockpit Dome Simulator and will continue the upgrade of the IBAR network.																																
2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? The current simulation requirements from the broad IBAR customer base are beginning to tax the capability of the various IBAR components. Additionally, as program dollars become increasingly scarce and the need to reduce the number of in-flight and live-fire tests increases, reliance on the IBAR is also increasing. In the GPS/INS Laboratory, the two Contraves rate tables originally procured in the early-mid 80's are damaged. Upgrading the 3-axis table from a "low-medium accuracy" (30 mins of arc) to a "medium-high accuracy" (30 sec. of arc) will increase testing significantly. In the Data Link facility, a gateway is needed to allow data to be shared and distributed with the IBAR components. With a gateway, the IBAR would be able to fuse a number of external (radio) data sources and provide the data for use by any of the simulation and/or hardware in the loop laboratories. A gateway will enable IBAR customers to demonstrate subsets of larger systems, connect external (ground and airborne) systems to the lab network (9 facilities), and realize connectivity to both simulated and real systems in the IBAR. In addition, as a result of the NCW BPR 2-1, integration of the data link systems can be shared with any of the other networked facilities being linked by that activity. In the Virtual Prototype Facility (VPF), the original video projectors, 9 X 12 foot screens and ancillary equipment were purchased in 1996. The screens display high-resolution computer generated views of terrain and targets during cockpit simulations. Since that time, technology has advanced to provide digital video equipment that offers improved brightness, and resolution that will enable the sharpness and resolution required during cockpit simulations for key target detection and recognition issues. The current Cockpit Dome Simulator lacks a field of view and prohibits many air-to-air scenarios that require a larger field-of-view, particularly above the aircraft. The addition of a 12-foot diameter hemispherical dome, with projection system and re-configurable cockpit would provide for multi-ship scenarios when linked with the VPF. A key thrust in the IBAR involves operation and evaluation of infrared missile guidance systems, as well as the simulated target presentation systems for them, which require cooling with high-pressure gas. The gas system for the IBAR currently utilizes a bank of very heavy pressurized gas cylinders, which is both costly and dangerous because of the weight of the cylinders and the change out frequency. An integrated high-pressure gas system utilizing nitrogen is needed to run throughout the IBAR, to the GPS/INS navigation Laboratory and to the Geodesic Dome providing high-pressure gas in the 3000 psi to 6000 psi range. The development, fabrication, hardware characterization, and test and evaluation processes for Advanced Digital Signal Processing and I/R sensor development is becoming more difficult to accomplish due to outdated development and test equipment. The upgrades are vital to replace older analog devices and slower test equipment to sustain in-house development capability. The IR Scene Presentation Laboratory provides infrared scene generation and projection assets to support indoor weapon test efforts. The current fastest array operates at 200 Hz and is still too slow for some sensors currently in development for delivery to the fleet. Our compute and projection requirements need to be upgraded to meet the emerging need of our customers.																																
3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? The alternative is to maintain the status quo and not meet the requirements for real-time simulations for missile and weapons system designers. As a result, the weapons programs may require more in-flight testing that would increase the overall cost of the weapon system.																																
4. IMPACT IF NOT ACQUIRED. The impact will be additional in-flight tests, captive carry and live-fire testing required by the programs which will significantly increase the cost of weapon system development and life cycle costs of the weapons. The Sidewinder missile program simulations lowered the number of required flight tests by 50% at considerable savings to the missile program.																																
5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.																																

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)											A. FY2003 PRESIDENT'S BUDGET																	
B. Department of the Navy/Research & Development							C. RADIO COMMUNICATIONS NETWORK UPGRADE 8WD2TL6152GR					D. China Lake																
				2001			2002			2003																		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost																
INVESTMENT COST						0	1	1,239	1,239	1	953	953																
OPERATIONAL DATE 1-Oct-05																												
<table border="1"> <thead> <tr> <th>METRICS:</th> <th>AVOIDANCE</th> <th>SAVINGS</th> <th>TOTAL</th> </tr> </thead> <tbody> <tr> <td>PROJECTED ANNUAL SAVINGS</td> <td>\$200,000</td> <td>\$0</td> <td>\$200,000</td> </tr> <tr> <td>AVERAGE ANNUAL SAVINGS (Discounted)</td> <td>\$122,891</td> <td>\$0</td> <td>\$122,891</td> </tr> <tr> <td>PAYBACK PERIOD</td> <td>NA</td> <td>#DIV/0!</td> <td>NA</td> </tr> </tbody> </table>													METRICS:	AVOIDANCE	SAVINGS	TOTAL	PROJECTED ANNUAL SAVINGS	\$200,000	\$0	\$200,000	AVERAGE ANNUAL SAVINGS (Discounted)	\$122,891	\$0	\$122,891	PAYBACK PERIOD	NA	#DIV/0!	NA
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PAYBACK PERIOD	NA	#DIV/0!	NA																									
PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)																												
<p>1. DESCRIPTION & PURPOSE OF PROJECT.</p> <p>This is a base-wide replacement to upgrade our many existing radio communication systems into a single consolidated network. The Department of Commerce's National Telecommunications and Information Administration (NTIA) proposed and are currently implementing the digital and narrowband standard. This standard doubles the number of available frequencies by using digital signal processing which requires half of the bandwidth formally allocated per radio frequency channel. All federal agencies are required to comply with this standard by 01 January 2008. This system will allow us to be compliant with current and imminent regulations for narrow-band frequency usage and the Project-25 Digital Standards for Common Air Interface of two-way radio systems used by the Federal Government. This system will provide clear digital two-way radio communications for public safety, base operations, range operations, airfield operations, P. W. operations and base activities at China Lake, Point Mugu and San Nicolas Island (SNI). This system will accommodate the communications security needs of these radio users through digital encryption. This system will provide levels of communications interoperability never before possible at China Lake, Point Mugu and SNI. This system will greatly enhance our radio capabilities for mutual aid and disaster preparedness by giving us a fully managed and controlled two-way radio communications system. This system will improve two-way radio coverage by giving all nets access to all transceiver sites, providing communications between sites as desired. Radio Systems administered by the U.S. Army at Fort Monmouth will be providing a Site Survey and Plan of Action for the installation of the new radio system which will have to be phased in over a period of 5 years.</p> <p>2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?</p> <p>The existing equipment will not meet the Federal Government requirement for 12.5 kHz narrow-band operation and will have to be replaced in the next few years to meet that mandatory requirement. Our existing infrastructure is old and the equipment is no longer in production making repairs and maintenance unreliable, and the existing equipment cannot be upgraded to meet the new standards. Putting this new system in place will immediately solve these problems with equipment that is software upgradeable so that any new requirements for the future can be accomplished without replacing the Radio equipment.</p> <p>3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?</p> <p>Our existing infrastructure is old and the equipment is no longer in production making repairs and maintenance unreliable, and the existing equipment cannot be upgraded to meet the new standards. This is a mandated project from NTIA and the Naval Electromagnetic Spectrum center (NAVEMSCEN)</p> <p>4. IMPACT IF NOT ACQUIRED.</p> <p>Disapproval of this request will impact China Lake, Point Mugu, and SNI due to: If the radios are not replaced by the year 2005 the existing Radio Communications will no longer be approved by the FCC, the frequencies will be lost, and radio communications will cease.</p> <p>5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT</p> <p>Not applicable.</p>																												

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FY2003 PRESIDENT'S BUDGET		
B. Department of the Navy/Research & Development							C. NETWORK CENTRIC WARFARE IMPLEMENTATION 400DL0002PR				D. NAWC	
				2001			2002			2003		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
NAWC-AD INVESTMENT COST						2,843			1,350			1,400
NAWC-WD INVESTMENT COST						2,907			1,350			1,400
INVESTMENT COST TOTAL				2	5,750	5,750	2	2,700	2,700	2	2,800	2,800
OPERATIONAL DATE		1-Oct-05										
METRICS:	NAWC-AD	NAWC-WD	AVOIDANCE	SAVINGS	TOTAL							
PROJECTED ANNUAL SAVINGS	\$6,412,500	\$6,412,500	\$12,825,000	\$0	\$12,825,000							
AVERAGE ANNUAL SAVINGS (Discounted)	\$3,940,204	\$3,940,204	\$7,880,407	\$0	\$7,880,407							
PAYBACK PERIOD			1.5	#DIV/0!	1.5							
RATE OF RETURN (ROR)			47%	0%	47%							
<p><u>PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)</u></p> <p>1. DESCRIPTION & PURPOSE OF PROJECT. The Network Centric Warfare (NCW) Research, Development, Test, and Evaluation (RDT&E) program will develop an Enterprise Federation of interconnected facilities that will utilize the following: a common scheduling tool, interoperable models, and a common network that will support effected RDT&E programs. The federation will consist of nine facilities. NWCF facilities include the P-3 Software Support Laboratory, the E-2C Laboratory, the Integrated Battlespace Arena Improvements (IBAR), F-14 WSSA (Weapons System Support Activity) and F/A-18 WSSA. MRTFB (Major Range and Test Facility Base) facilities include the Atlantic Test Range, the Aircombat Environmental Test and Evaluation Facility (ACETEF), Land Range and the BMIC Facility. MRTFB facilities implementation is funded by MRTFB Investment Account. The NAVAIR NCW facility integration project will provide a capability that can only be replicated by expensive operations with live forces operating in their intended operational scenarios. This type of testing continues not only to be expensive, but also does not provide the necessary data to adequately develop and trouble shoot interoperable systems. The NAVAIR NCW facility integration will complement efforts at NAVSEA and other joint efforts to provide a true joint interoperability test and RDT&E capability. Estimates of utilization will run about 30 days per year. This is a conservative estimate because this technology is relatively new. However, the utilization is expected to increase. Even with the relatively low initial utilization the potential positive impacts to programs that must interoperate with the Battle Group and other joint forces is significant.</p> <p>2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? The fleet is experiencing interoperability problems that are preventing the battle groups from deploying on schedule. The NAVAIR assets contributing to interoperability include more than 15 platforms and more than 12 independent communications/data link systems. Today's RDT&E infrastructure and processes do not support the current interoperability requirements of the fleet, creating a need for more efficient RDT&E processes, i.e., cost, schedule, productivity, quality and performance capabilities.</p> <p>3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? The only alternative considered was the status quo of continuing complex interoperability testing through the use of large force deployments. This will result in the testing being three times more expensive as compared to using the NCW RDT&E Network.</p> <p>4. IMPACT IF NOT ACQUIRED. Interoperable solutions will not be provided to the fleet at IOC. Significant costs will be accrued due to engineering fixes late in the development and into the deployment cycle. Fleet experimentation will not experience the ability to use advanced technologies available at the NAVAIR Facilities.</p> <p>5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.</p>												

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)											A. FY2003 PRESIDENT'S BUDGET	
B. Department of the Navy/Research & Development							C. ENTERPRISE RESOURCE PLANNING (ERP) NNSL0001					D. NAWC
				2001			2002			2003		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
NAWC-AD				1	9,964	9,964	1	10,210	10,210	1	9,848	9,848
NAWC-WD				1	2,000	2,000	1	6,179	6,179	1	5,961	5,961
TOTAL NAWC				2	11,964	11,964	2	16,389	16,389	2	15,809	15,809

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT: As the Navy embarks on the Revolution in Business Affairs initiatives, Enterprise Resource Planning (ERP) is the strategic initiative chosen by the Department of Navy's Working Group (WG) on Commercial Business Practices (CBP). As a result of the decisions of the CBP WG the Naval Aviation Systems TEAM (TEAM) will reengineer and standardize processes, integrate operations and data to increase productivity, and optimize supply chain management. The Naval Air Systems TEAM (TEAM) intends to manage ERP as a corporate project with constituent parts. Proposed allocations are based on an evolving program plan. Multiple ERP pilots are planned throughout the Navy with functionality determined by the scope of each pilot. Per the CBP WG each ERP pilot will be funded by that WG member's organization. This submission is for a multi-year, Externally Developed Software (EDS) project that will integrate business processes and tools in the areas of financial accounting, materials management, plant maintenance, project systems, controlling and human resources. Functionality will encompass the following:

- Financial accounting: general ledger, accounts receivable/payable, financial reports, special purpose ledger, and legal consolidations;
- Materials management: procurement, inventory management, vendor evaluation, invoices verification and warehouse management;
- Plant maintenance: maintenance notifications/orders, resource/maintenance planning, historical information, and service management;
- Project systems project tracking, work breakdown structure, budget management, cost and revenue planning;
- Controlling cost center accounting, activity based costing, and internal orders; and
- Human resources personnel administration, payroll, time management, planning and development, and organization management

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVES THE DEFICIENCY/PROBLEM: Throughout the TEAM there are numerous, independent, stand-alone information systems supporting multiple, inconsistent processes. Data is not timely and is difficult to consolidate. Many systems track similar data without a common data format. No single system does it all (i.e., planning, procurement, and inventory management). System interfaces are inconsistent, non-standard, and rely upon manual intervention. At the core of an ERP system is a central database that draws data from and feeds data into a series of applications supporting diverse functions. ERP will automate manual processes, drastically reduce data reconciliation, and improve the quality of information available to decision-makers. ERP will assist in providing end-to-end capability, in enabling consistent and reliable information on cost and performance, and in integrating business processes to optimize results across the TEAM.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED: The CBP WG under the auspices of Department of Navy's (DON's) Revolution in Business Affairs was tasked to focus on Commercial Financial Practices and best of breed business solutions. The CBP WG received in-depth briefings from industry, fleet representatives, defense agencies, and other government agencies. Of all the alternatives briefed and considering all the data provided, the members were unanimous in concluding that the best solution to business practices would be realized through ERP solution. As a result of the recommendation of the CBP WG, NAVAIR issued a request for proposal. Several companies bid, integrator and COTS solutions were evaluated through the source selection process and a contract was awarded for the NAVAIR ERP program management (PM) pilot.

4. IMPACT IF NOT ACQUIRED: The TEAM would have to continue business as usual and could not achieve gains in productivity through reengineered processes and an integrated information system. Non-standard, costly maintenance, and duplicative legacy systems would persevere. The TEAM would be unable to manage costs for maximum reallocation of savings for the recapitalization and modernization of naval aviation. ERP is required for NAVAIR to achieve portions of the Navy wedge savings. As the business case analysis demonstrates current anticipated quantitative and qualitative benefits would not be realized. If ERP is funded, the ERP will assist other systems in becoming compliant with statutory requirements, the Government Management Reform Act (GMRA), the Government Performance and Results Act (GPRA), and the Chief Financial Officer (CFO) Act.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FY2003 PRESIDENT'S BUDGET		
B. Department of the Navy/Research & Development/Air Warfare Center					C. EQUIPMENT, OTHER THAN ADPE & TELECOM (<\$1M)						D. NAWC	
					NNEU0000							
				2001			2002			2003		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
TOTAL INVESTMENT COST				19	VAR	7,130	19	VAR	6,166	21	VAR	6,076
ITEM	ITEM											
LINE #	DESCRIPTION											
4AA1EM4555PN	High Speed Data Acquisition System			1	730							
8AA1EM8360GR	Firefighting Equipment			2	660	1	816	1	816			
4AA2EM455BPP	Airlab #1 Upgrade					2	600					
4AA3EM4550PN	Airlab #2 Upgrade							2	600			
4AB3EM48LTPR	Site Based Signal Conditioning							3	500			
4WD1EM0106PP	P-407 Collateral Equipment			1	850							
4WD0EM9104PR	Energetic Materials Equipment Modernization			2	500	1	500					
4WD0EM0104PR	Chemical Analysis Recapitalization			3	400							
4WD2EM2204PR	Polymer Materials Testing					2	520					
ES0000	Subtotal Equip-other than ADPE & TELECOM (<\$.5M)			14	3,990	15	3,730	18	4,160			
TOTAL NAWC EQUIPMENT, OTHER THAN ADPE & TELECOM (<\$1M)				19	7,130	19	6,166	21	6,076			

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FY2003 PRESIDENT'S BUDGET			
B. Department of the Navy/Research & Development/Air Warfare Center					C. MINOR CONSTRUCTION							D. NAWC	
					NNMC0000								
					2001			2002			2003		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	
TOTAL INVESTMENT COST				7	VAR	3,644	5	VAR	1,871	3	VAR	1,267	
ITEM	ITEM				FY 2001		FY 2002		FY 2003				
LINE #	DESCRIPTION												
8AA1MC0002GC	Land Mobile Communications Trunking Building		1		462								
8AA1MC0000GS	Buse Road Widening to Four Lanes		2		450								
8AB1MC0001GS	Building 572 Warehouse		3		440								
8AA2MC8009GC	Addition to Building 2060						1		641				
4AB2MC480APC	Photometrics Facility Upgrade						2		385				
8AB2MC0000GC	Sodium Bicarbonate Blasting Facility						3		330				
7AB2MC724BGS	Primary Computing Facility Electrical Generator						4		193				
4AA3MC4400PC	Addition to Building 106								1		499		
8WD8MCSY0HGC	PY Project's SIOH & Design Costs		1		252								
8WD1MC0231GC	Addition to Michelson Lab		2		1000								
8WD1MC0011GC	Advanced Weapons Laboratory Modification		3		750								
8WD1MC0012GC	Water to Randsburg Site		4		290								
8WD2MC2008GC	Fire Sciences Laboratory								1		468		
8WE2MC0001GC	Additional Laboratory Space Bldg. 3015 (PM)						1		322				
8WD3MC0267GC	Loop Natural Gas Line								2		300		
TOTAL NAWC MINOR CONSTRUCTION			7		3,644		5		1,871		3 1,267		

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FY2003 PRESIDENT'S BUDGET					
B. Department of the Navy/Research & Development/Air Warfare Center					C. ADPE & TELECOMMUNICATIONS (<\$1M)							D. NAWC			
					NNKU0000										
				2001			2002			2003					
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
TOTAL INVESTMENT COST							11	VAR	4,076	12	VAR	3,360	8	VAR	2,450
ITEM	ITEM			FY 2001			FY 2002			FY 2003					
LINE #	DESCRIPTION														
8AA1KM8026GN	E-911 Emergency Response Enhancements			1	644										
4AA1KM4130PN	Mission Platform Adaptable Simulation			2	571										
8AA8TM81D0GR	Premises Distribution			3	370										
4AA2KM4K93PR	Multi-Channel Acoustic Signal Generation System						1	690							
4AA2KM4551PN	Wave Division Multiplexing Network Components						2	350		1	350				
4WD0TM9108PR	Avionics Department Virtual Network (V-NET)			1	626										
7WD8TM8006GR	Fiber Optic Branching			2	500										
KS0000	Subtotal ADPE & TELECOMMUNICATIONS (<\$.5M)			6	1,365	10	2,320		7	2,100					
TOTAL NAWC ADPE & TELECOMMUNICATIONS (<\$1M)				11	4,076	12	3,360		8	2,450					

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FY2003 PRESIDENT'S BUDGET		
B. Department of the Navy/Research & Development/Air Warfare Center					C. SOFTWARE DEVELOPMENT (<\$1M)					D. NAWC		
										NNDU0000		
				2001			2002			2003		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
TOTAL INVESTMENT COST				0	VAR	0	0	VAR	0	1	VAR	300

ITEM LINE #	ITEM DESCRIPTION	FY 2001			FY 2002			FY 2003	
DS0000	Subtotal Software Development (<\$5M)	0	0	0	0		1	300	
TOTAL NAWC SOFTWARE DEVELOPMENT (<\$1M)		0	0	0	0		1	300	

FY 2003 PRESIDENT'S BUDGET
DEPARTMENT OF THE NAVY - NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT - AIR WARFARE CENTER
CAPITAL BUDGET EXECUTION
(DOLLARS IN MILLIONS)
FY 2002

ITEM LINE #	ITEM DESCRIPTION						Original Request	Change	Revised Request	Classification of Change	Explanation/Reason for Change
1a. EQUIPMENT, OTHER THAN ADPE & TELECOM (>\$1M)										Price Increase	Price increased due to reevaluation of market price (.100 from WDL0000)
4	WD	8	EL	0108	P	P MISSION PLANNING II	.850	.100	.950		
8	AA	1	EL	8017	G	R LAND MOBILE COMMUNICATION TRUNKING SYSTEM	.800	.000	.800		
8	AA	2	EL	8410	G	N P-420 SECURITY EQUIPMENT	.299	.000	.299		
SUBTOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM (>\$1M)							1.949	.100	2.049		
1b. EQUIPMENT, OTHER THAN ADPE & TELECOM (<\$1M)							5.329	.837	6.166		
2. TOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM							7.278	.937	8.215		
NN	MC	0000	3. MINOR CONSTRUCTION				1.597	.274	1.871		
TOTAL NON-ADP CAPITAL PURCHASES PROGRAM							8.875	1.211	10.086		

FY 2003 PRESIDENT'S BUDGET
DEPARTMENT OF THE NAVY - NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT - AIR WARFARE CENTER
CAPITAL BUDGET EXECUTION
(DOLLARS IN MILLIONS)
FY 2002

ITEM LINE #	ITEM DESCRIPTION						Original Request	Change	Revised Request	Classification of Change	Explanation/Reason for Change	
1a. ADPE & TELECOMMUNICATIONS (>\$1M) Computer Hardware (Production)										Price Decrease	Due to management decisions, project decreased to meet revised depreciation+surchage levels. (1.032 decreased)	
7	AB	0	TL	7240	G	N	EXTENSION OF FIBER OPTIC/UTP INFRASTRUCTURE	.577	.000			.577
4	AB	1	KL	4820	P	P	IMMERSIVE DESIGN OPTIMIZATION SYSTEM	.525	.000			.525
7	AA	2	KL	723C	G	P	CORPORATE COMPUTING TECHNOLOGY INSERTION	1.078	.000			1.078
7	WD	3	TL	0084	G	R	COMMUNICATION SYSTEM UPGRADE	2.000	(1.032)			.968
4	WD	1	TL	9106	P	R	INTEGRATED BATTLESPACE ARENA IMPROVEMENTS (IBAR) PHASE 1 AND 2	1.075	(.270)			.805
8	WD	2	TL	6152	G	R	RADIO COMMUNICATIONS NETWORK UPGRADE	1.250	(.011)			1.239
SUBTOTAL ADPE & TELECOMMUNICATIONS (>\$1M)							6.505	(1.313)	5.192			
NN	KU	0000	1b. ADPE & TELECOMMUNICATIONS (<\$1M)				3.110	.250	3.360			
2. TOTAL ADPE & TELECOMMUNICATIONS							9.615	(1.063)	8.552			
										Cancellation	Funds for FY 02/03 are no longer required per conversation between NAVAIR and ASN(FM&C), Code FMO. Full cost for DIFMS tech refresh was covered in FY 01. Funds transferred to accommodate new requirements for the Intrusion Detection and Fire Alarm Syst	
NN	DL	0002	3a. SUBTOTAL SOFTWARE DEVELOPMENT (>\$1M) NETWORK CENTRIC WARFARE IMPLEMENTATION (BPR)				2.700	.000	2.700			
NN	DL	0000	DIFMS/NIMMS OSE REENGINEERING				1.826	(1.826)	.000			
NN	DL	0001	ENTERPRISE RESOURCE PLANNING (ERP)				16.389	.000	16.389			
3a. SUBTOTAL SOFTWARE DEVELOPMENT (>\$1M)							20.915	(1.826)	19.089			
NN	DU	0000	3b. SUBTOTAL SOFTWARE DEVELOPMENT (<\$1M)				.000	.000	.000			
3. TOTAL SOFTWARE DEVELOPMENT							20.915	(1.826)	19.089			
TOTAL ADP CAPITAL PURCHASES PROGRAM							30.530	(2.889)	27.641			
GRAND TOTAL CAPITAL PURCHASES PROGRAM							39.405	(1.678)	37.727			

Naval Surface Warfare Center

**FY 2003 PRESIDENT'S BUDGET
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
NAVAL SURFACE WARFARE CENTER**

INTRODUCTION

The Naval Surface Warfare Center (NSWC) was established on 2 January 1992 with the following mission: "To operate the Navy's full spectrum research, development, test and evaluation, engineering and fleet support center for ship hull, mechanical, and electrical systems, surface combat systems, coastal warfare systems, and other offensive and defensive systems associated with surface warfare."

CENTER OVERVIEW

The Center is comprised of six operating divisions whose operations and locations are described briefly below.

CARDEROCK DIVISION. The mission of this division is to provide research, development, test and evaluation, fleet support and in service engineering for surface and undersea vehicle hull, mechanical and electrical (HM&E) systems and propulsors; provide logistics R&D and provide support to the Maritime Administration and Maritime Industry. The division has major operating sites at Carderock, MD and Philadelphia, PA with smaller operating sites at Ft. Lauderdale, FL, Memphis, TN, Norfolk, VA, Bremerton, WA, and Bayview, ID. Operations at Annapolis, MD terminated in FY 1999 in accordance with BRAC plans.

CORONA DIVISION. The mission of this division is to gauge the war fighting capability of ships and aircraft, from unit to battle group level, by assessing the suitability of design, the performance of equipment and weapons, and the adequacy of training.

CRANE DIVISION. The mission of this division is to provide engineering and industrial support of weapons systems, subsystems, equipment and components. Primary product areas of expertise include electronic warfare, gun and gunfire control systems, microelectronics components, electronic module test and repair, microwave components, electromechanical power systems, acoustic sensors, small arms, conventional ammunition, radars, and pyrotechnics. The division has one primary operating site, Crane, IN, with a small engineering site at Fallbrook, CA.

DAHLGREN DIVISION. The mission of this division is to provide research, development, test and evaluation, engineering and fleet support

for surface warfare systems, surface ship combat systems, ordnance, mines and mine counter measures, amphibious warfare systems, special warfare systems, strategic warfare systems, and diving. The division has primary operating sites at Dahlgren, VA, Panama City, FL, and Dam Neck, VA.

INDIAN HEAD DIVISION. The mission of this division is to provide technical capabilities in energetics for all warfare centers and to provide special weapons, explosive safety and ordnance environmental support to all warfare centers, the military departments and ordnance industry. The primary site of operations is Indian Head, MD, with smaller operations at Yorktown, VA and MacAlester, OK, Earle, NJ, and Seal Beach and Concord, CA.

PORT HUENEME DIVISION. The mission of this division is to provide test and evaluation, in service engineering and integrated support for surface warfare systems, system interface, weapons systems and subsystems, unique equipment's, and related expendable ordnance of the surface fleet. The primary operating sites are Port Hueneme, CA and San Diego, CA. The division also operates a small detachment in Louisville, KY.

BUDGET OVERVIEW

This budget represents NSWC's financial operating plan through FY 2003 and is consistent with the goals outlined in our overall business plan. Central to our business plan is the sustainment and nurturing of our scientific and engineering community, the cornerstone upon which our core equities are built. If NSWC is to retain its standing as the Navy's technological leader in areas such as Ships and Ships Systems, Surface Ship Combat Systems, Littoral Warfare Systems, Navy Strategic Weapons Systems, and Ordnance, we must hire and retain the best and the brightest that our colleges, universities, and private sector have to offer and we must reshape our existing workforce (some of whom may be displaced through long term strategic reengineering efforts) to meet the technological challenges of the current and future Navy.

The submission also includes the functional realignment of Naval Air Warfare Center Weapons Division (NAWCWD) White Sands Detachment, White Sands, New Mexico from NAWCWD China Lake, California to Port Hueneme Division, NSWC effective 1 October 2001. The Navy Detachment of WSMR operates the surface Navy's DESERT SHIP and Missile Assembly Facility (MAF). DESERT SHIP emulates the latest shipboard combat system and is the primary integration and test site for NAVSEA prototype equipment. The MAF supports current and developmental missile configurations in assembly, processing, and ground testing. This transfer-of-function aligns and consolidates the

expertise and resources required to support acquisition and fielding of naval surface warfare systems and provides greater synergy between the surface Navy's land-based and at-sea test and evaluation program. FY 2002 and FY 2003 operating cost approximate \$13.5 million and \$12.9 million, respectively. There are no adverse personnel actions, relocation expenses, or cost anticipated from this in-place realignment.

The FY 2003 budget reflects overhead reductions made possible through increased efficiencies from A-76 and Business Process Reengineering (BPR) studies that have been and will be initiated throughout the Center. The Center is committed to achieving targeted savings in these areas.

BUDGET HIGHLIGHTS

Revenue, Expense, and Operating Results

Current Estimate (\$ in Millions)	FY 2001	FY 2002	FY 2003
Revenue	\$2,931	\$2,587	\$2,628
Cost of Goods/Services	\$2,914	\$2,611	\$2,703
Operating Results	\$17	-\$24	-\$75
Appropriations Affecting NOR (Includes FEHB/CSRS)			+\$81
Net Operating Results	\$17	-\$24	\$6
Accumulated Operating Results	\$18	-\$6	\$0

The trend in revenue and expense from year-to-year noted above reflects the Center's efforts to size itself to meet customer demand. NSWC's actual FY 2001 net operating results were \$17 million or \$4 million more than the approved level in the FY 2001 column of the FY 2002 President's Budget. Improved FY 2001 operating results were primarily the result of having executed more direct labor hours than were originally budgeted. The estimated \$6 million shortfall in FY 2002 accumulated operating results since the FY 2002 President's Budget is the result of changes in civilian labor pricing factors.

To improve the accounting for and make the cost of government programs more visible to the American people, the Administration is proposing to align the full annual budgetary costs of resources used by programs with the budget accounts that fund the programs. To that end, the budget includes a request for a direct appropriation of \$373 million for the Navy Working Capital Fund (of which \$81 million is included in the NSWC budget), to fund the full accruing cost of the Civil Service Retirement System and retire health benefits for civilian employees in the Federal Employee Health Benefit Program. Beginning with the FY 2004 Budget, these costs will be built-into the rates charged to Working Capital Fund customers. This proposal does not increase the total costs to the Federal government, since these costs were previously funded from a central account. NSWC's FY 2003 estimate also reflects a positive recoupment factor of \$6 million to recoup the FY 2002 loss noted above and to achieve a zero Accumulated Operating Result balance.

Cash Outlays

Current Estimate (\$ in Millions)	FY 2001	FY 2002	FY 2003
Collections	\$2,933	\$2,595	\$2,707
Disbursements	\$2,946	\$2,622	\$2,712
Net Outlays	\$13	\$27	\$5

FY 2001 net outlays of \$13 million reflect net liquidation of prior year accruals and payables, partly offset by positive net operating results for the year and capital purchase outlays less than depreciation income. Projected FY 2002 net outlays of \$27 million are primarily due to the budgeted net operating loss for the year and phasing of capital purchase outlays. FY 2003 net outlays reflect the positive net operating results for the year, offset by net liquidation of prior year accruals and payables.

Cost of Operations

Unit Cost

(Cost Per DLH)	FY 2001	FY 2002	FY 2003
Unit Cost	\$71.40	\$74.50	\$80.36

The Center's unit cost shows a gradual increase over the budget period, primarily due to increased employee compensation costs and inflation. The Center remains committed to reducing overhead and improving the value of the services we provide our customers.

Billing Rates

	FY 2001	FY 2002	FY 2003
Stabilized Rate (Average)	\$75.21	\$73.95	\$78.78
Rate Change		-1.7%	+6.5%

The FY 2003 average stabilized rate, like unit cost, is impacted by employee compensation costs and inflation. The higher than average rate change between FY 2002 and FY 2003 compensates for the negative recoupment factor in FY 2002.

Capital Purchases Program (CPP)

\$ in Millions	FY 2001	FY 2002	FY 2003
Non-ADPE	\$14.7	\$11.2	\$13.8
ADPE	\$8.3	\$9.0	\$10.7
Software	\$3.8	\$4.1	\$2.4
Minor Construction	\$6.3	\$8.1	\$5.5
Total	\$33.1	\$32.4	\$32.4

The NSWC CPP program procures mission essential equipment to support a wide customer base.

Workload and Manpower Trends

Civilian Manpower

Civilian Manpower	FY 2001	FY 2002	FY 2003
End Strength	16,074	15,533	15,547
Straight Time FTE	15,748	15,465	15,457

Civilian manpower levels have been sized to meet expected workload.

SIP/VERA/RIF	FY 2001	FY 2002	FY 2003
Current Estimate	117	208	168

Productive Ratio

Productive Ratio	FY 2001	FY 2002	FY 2003
Current Estimate	75.6%	75.6%	76.2%

The productive ratio, a measure of direct labor effort to total labor, increases over the budget period.

Military Manpower

	FY 2001	FY 2002	FY 2003
End Strength	246	333	335
Workyears	241	299	303

Projections are consistent with guidance to base estimates on the average fill rate and reflect the functional transfer of NAWCWD White Sands Detachment from Naval Air Systems Command beginning in FY 2002.

Workload - Direct Labor Hours (DLH)

	FY2001	FY2002	FY2003
DLHs (000)	21,332	21,025	21,258

PERFORMANCE INDICATORS

The primary performance indicator is unit cost discussed in the Unit Cost Rate paragraph above. Unit cost represents the cost of delivering goods and services.

CARRYOVER RECONCILIATION

Carryover is the dollar value of work that has been funded and initiated but not yet completed by working capital fund activities at the end of the fiscal year. The following table reconciles NSWC gross carryover estimates with net carryover estimates, as reflected in the current submission.

\$ in Millions	FY 2001	FY 2002	FY 2003
Gross Carryover	\$1,464.9	\$1,404.9	\$1,198.7
Less Work in Process	\$127.2	\$125.6	\$125.6
Less Foreign Military Sales	\$112.0	\$106.8	\$92.9
Less BRAC	\$1.0	\$0.7	\$0.7
Less Other Federal Sources	\$26.1	\$30.8	\$22.2
Less Non-Federal Sources	\$15.7	\$21.2	\$20.8
Less Contractual Liabilities	\$501.6	\$467.6	\$358.2
Net Carryover	\$681.3	\$652.2	\$578.3
Months	2.7	3.0	2.6

INDUSTRIAL BUDGET INFORMATION SYSTEM
REVENUE and EXPENSES
AMOUNT IN MILLIONS
NSWC / TOTAL

(NIFRPT)

PAGE 1

	FY 2001 CON	FY 2002 CON	FY 2003 CON
Revenue:			
Gross Sales			
Operations	2,898.0	2,554.5	2,596.2
Surcharges	.0	.0	.0
Depreciation excluding Major Constructio	32.9	32.7	32.5
Other Income			
Total Income	2,930.9	2,587.1	2,628.7
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	14.3	16.5	17.6
Civilian Personnel	1,262.6	1,303.6	1,428.6
Travel and Transportation of Personnel	79.9	81.4	84.9
Material & Supplies (Internal Operations	250.4	237.6	237.7
Equipment	80.1	66.2	67.8
Other Purchases from NWCF	101.1	78.5	80.3
Transportation of Things	7.9	6.9	7.0
Depreciation - Capital	32.9	32.7	32.5
Printing and Reproduction	7.2	9.0	9.1
Advisory and Assistance Services	4.6	3.5	3.5
Rent, Communication & Utilities	41.1	44.0	45.5
Other Purchased Services	1,058.4	729.7	688.6
Total Expenses	2,940.5	2,609.5	2,703.2
Work in Process Adjustment	-24.1	2.0	.0
Comp Work for Activity Reten Adjustment	-2.1	.0	.0
Cost of Goods Sold	2,914.3	2,611.5	2,703.2
Operating Result	16.7	-24.3	-74.5
Less Surcharges	.0	.0	.0
Plus Appropriations Affecting NOR/AOR	.0	.0	80.8
Other Changes Affecting NOR/AOR	.0	.0	.0
Extraordinary Expenses Unmatched	.0	.0	.0
Net Operating Result	16.7	-24.3	6.3
Other Changes Affecting AOR	-.1	.0	.0
Accumulated Operating Result	18.0	-6.3	.0

INDUSTRIAL BUDGET INFORMATION SYSTEM
NSWC / TOTAL
SOURCE of REVENUE
AMOUNT IN MILLIONS

PAGE: 1

	FY 2001 CON -----	FY 2002 CON -----	FY 2003 CON -----
1. New Orders	2,902	2,527	2,422
a. Orders from DoD Components	2,489	2,181	2,088
Department of the Navy	2,208	1,862	1,773
O & M, Navy	671	622	638
O & M, Marine Corps	26	12	12
O & M, Navy Reserve	9	6	6
O & M, Marine Corp Reserve	0	0	0
Aircraft Procurement, Navy	37	30	7
Weapons Procurement, Navy	70	90	53
Ammunition Procurement, Navy/MC	83	87	85
Shipbuilding & Conversion, Navy	314	268	276
Other Procurement, Navy	269	230	199
Procurement, Marine Corps	5	3	8
Family Housing, Navy/MC	6	4	4
Research, Dev., Test, & Eval., Navy	703	504	478
Military Construction, Navy	0	0	0
Other Navy Appropriations	9	0	0
Other Marine Corps Appropriations	0	0	0
Department of the Army	44	43	39
Army Operation & Maintenance	9	6	3
Army Res, Dev, Test, Eval	6	14	8
Army Procurement	28	9	9
Army Other	1	12	17
Department of the Air Force	18	34	45
Air Force Operation & Maintenance	6	2	2
Air Force Res, Dev, Test, Eval	1	7	7
Air Force Procurement	9	0	0
Air Force Other	1	24	35
DOD Appropriation Accounts	217	240	229
Base Closure & Realignment	0	0	0
Operation & Maintenance Accounts	28	27	25
Res, Dev, Test & Eval Accounts	128	120	116
Procurement Accounts	45	45	38
DOD Other	15	47	49
b. Orders from other WCF Activity Groups	243	188	172
c. Total DoD	2,732	2,369	2,261
d. Other Orders	169	157	161
Other Federal Agencies	31	23	21
Foreign Military Sales	97	99	101
Non Federal Agencies	41	34	39
2. Carry-In Orders	1,493	1,465	1,405
3. Total Gross Orders	4,396	3,992	3,827
a. Funded Carry-Over	1,465	1,405	1,199
b. Total Gross Sales	2,930	2,587	2,628
4. Revenue (-)	-2,930	-2,587	-2,628
5. End of Year Work-In-Process (-)	-127	-125	-125
6. Direct Contract Obligations(-)	-501	-467	-358
7. Non-DoD, BRAC, FMS, DWCF Orders (-)	-154	-159	-136
8. Net Funded Carryover	681	652	578
9. Months of Carryover	2.7	3.0	2.6

Exhibit Fund-11

Changes in Cost of Operations
Component: Department of the Navy
Activity Group: Research and Development
Sub-Activity Group: Naval Surface Warfare Center
FY 2003 President's Budget

	Total Cost
1. FY 2001 Current Estimate	\$2,940.5
2. FY 2002 Estimate (FY 2002 President's Budget)	\$2,414.0
3. Estimated Impact in FY 2002 of Actual FY 2001 Experience	\$2.5
4. Pricing Adjustments	
a. FY 2002 Pay Raise	
1. Civilian Personnel	\$7.7
2. Military Personnel	
b. Annualization of FY 2001 Pay Raise	
1. Civilian Personnel	
2. Military Personnel	
c. Supply Management - Fuel	
d. Supply Management - Non Fuel	
e. WCF Price Changes	
f. General Purchase Inflation	
5. Productivity Initiatives	
a. Commercial Activities (A76)	\$2.6
b. Business Process Reengineering	-\$3.0
c. Savings From CPP	-\$0.1
6. Program Changes	
a. Workload Changes	\$173.2
b. BRAC	
c. Functional Transfer - NAWC WD White Sands Detachment	\$13.5

Changes in Cost of Operations
Component: Department of the Navy
Activity Group: Research and Development
Sub-Activity Group: Naval Surface Warfare Center
FY 2003 President's Budget

	<u>Total Cost</u>
7. Other Changes	
a. Labor Repricing	
b. SIP/VERA/RIF	\$0.5
c. Retirement Fund Offsets	\$0.4
d. Change in Paid Days	
e. Military	
f. Accounting Adjustments	
g. IT Budget Changes	
h. Depreciation	-\$1.3
i. Transfers	
j. Other (Specify)	
1. Change in DFAS Cost	-\$0.6
2. Change in FECA Cost	
3. Maintenance and Repair	\$0.3
4. Workforce Revitalization and Development	
5. Other	-\$0.2
8. FY 2002 Current Estimate	\$2,609.5
9. Pricing Adjustments	
a. FY 2002 Pay Raise	
1. Civilian Personnel	\$24.2
2. Military Personnel	\$0.4
b. Annualization of FY 2001 Pay Raise	
1. Civilian Personnel	\$16.9
2. Military Personnel	\$0.1
c. Change in CSRS/FEHB Benefits	\$80.8
d. Supply Management - Fuel	-\$0.9
e. Supply Management - Non Fuel	\$7.7
f. WCF Price Changes	\$2.0
g. General Purchase Inflation	\$13.1

Changes in Cost of Operations
Component: Department of the Navy
Activity Group: Research and Development
Sub-Activity Group: Naval Surface Warfare Center
FY 2003 President's Budget

	<u>Total Cost</u>
10. Productivity Initiatives	
a. Commercial Activities (A76)	-\$8.1
b. Business Process Reengineering	-\$16.7
c. Savings From CPP	
11. Program Changes	
a. Workload Changes	-\$33.7
12. Other Changes	
a. Labor Repricing	
b. SIP/VERA/RIF	-\$1.0
c. Retirement Fund Offsets	-\$0.3
d. Change in Paid Days	
e. Military	\$0.6
f. Accounting Adjustments	\$0.9
g. IT Budget Changes	
h. Depreciation	-\$0.1
i. Transfers	
j. Workforce Revitalization and Development	\$7.8
13. FY 2003 Current Estimate	\$2,703.2

Activity Group: Research and Development
Component: Navy
Naval Surface Warfare Center
February 2002
(\$ in Millions)

Line Num	Description	FY 2001		FY 2002		FY 2003			
		Qty	Total Cost	Qty	Total Cost	Qty	Total Cost		
	Non ADP								
1	Continuous Energetics Processing	1	4.670						
2	Nitramine Drying System	1	3.900						
3	Nitramine Intermediates System					1	2.550		
4	Consolidate Nitration Facility, Ph. B					1	1.500		
5	Miscellaneous (Non ADP < \$1000K; >= \$500K)		0.800		1.276		2.674		
6	Miscellaneous (Non ADP < \$500K)		5.346		9.921		7.053		
	Non ADP Total:		14.716		11.197		13.777		
	ADP								
7	THEATER WARFARE SYSTEMS	1	0.999	1	1.015	1	1.050		
8	Collaborative Engineering Environment			1	0.800	1	0.850		
9	CDNET Modernization	1	1.492						
10	Massively Parallel Processing Machine			1	1.400				
11	Surface Ship Integrated Topside Tech Center	1	0.228	1	0.300	1	0.500		
12	Littoral Battlespace Laboratory Support	1	1.169						
13	CSACT (COMBAT SYSTEMS ADV CONCEPTS AND TECH) LAB			1	0.507	1	0.595		

Activity Group: Research and Development
Component: Navy
Naval Surface Warfare Center
February 2002
(\$ in Millions)

Line Num	Description	FY 2001		FY 2002		FY 2003			
		Qty	Total Cost	Qty	Total Cost	Qty	Total Cost		
14	Standard System Hardware					1	1.100		
15	Remote ISEA Support Capability			1	0.225	1	0.800		
16	Miscellaneous (ADP < \$1000K; >= \$500K)		0.966		2.979		3.651		
17	Miscellaneous (ADP < \$500K)		3.465		1.798		2.128		
	ADP Total:		8.319		9.024		10.674		
	Software								
18	DIFMS Implementation		0.837	1	2.650	1	1.000		
19	STANDARD SYSTEMS SOFTWARE	1	1.300		1.300	1	1.300		
20	BUSINESS PROCESS REENGINEERING (BPR) SUPPORT SYS		1.682						
21	Miscellaneous (Software < \$500K)				0.150		0.150		
	Software Total:		3.819		4.100		2.450		
	Minor Construction								
22	Miscellaneous (Minor Construction < \$1000K; >= \$500K)		3.893		4.025		3.520		
23	Miscellaneous (Minor Construction < \$500K)		2.361		4.027		1.955		

Activity Group: Research and Development
Component: Navy
Naval Surface Warfare Center
February 2002
(\$ in Millions)

Line Num	Description	FY 2001		FY 2002		FY 2003			
		Qty	Total Cost	Qty	Total Cost	Qty	Total Cost		
	Minor Construction Total:		6.254		8.052		5.475		
	Grand Total:		33.108		32.373		32.376		

(Dollars in Thousands)							A. Budget Submission FY 2003 President's Budget					
B. Component/Business Area/Date NSWC/R&D/February 2002				C. Line# and Description 3/Nitramine Intermediates System(Environmental)			D. Site Identification NSWC Indian Head, MD					
		FY 2001		FY 2002			FY 2003					
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
Non ADP							1	2550	2550			
Narrative Justification:												
<p>Description</p> <p>Install equipment which supports the scale-up of continuous processing technology. The nitramine intermediates process creates blended energetic feedstock for use by continuous processing equipment.</p> <p>Justification</p> <p>Currently a dry grinding process coupled with a solvent/water mixing process prepares nitramine feedstocks for the continuous process. This manufacturing method produces large quantities of waste, requires handling very sensitive dry high explosive nitramines and is labor intensive. The proposed closed loop process produces a free-flowing feedstock for continuous processing. The process reduces solvent emissions by 95% and also eliminates the safety risk in the current process of grinding and mixing dry nitramines.</p> <p>Impact</p> <p>This project will enable continued development and qualification of the continuous process for gun propellant. Continuous processing is the only technology on the horizon that has the potential to improve the reproducibility of the products while reducing the safety risk, reducing waste generation and lowering the cost to operate and maintain the manufacturing capability. Next generation materials currently in R&D need this process technology. Batch processes cannot handle the demands of the new materials. Development of advanced lower cost, safer manufacturing processes for energetics such as continuous processing is core to the mission of NAVSEA Indian Head. Development of this technology to reduce the cost of next generation gun propellants for Extended Range Guided Munition (ERGM) and other Navy gun system requirements are the initial beneficiaries of this technology. Critical to the development of this advanced processing technology are innovative, environmentally clean, safe, and low cost methods of preparing raw materials for the continuous process.</p>												

(Dollars in Thousands)							A. Budget Submission FY 2003 President's Budget					
B. Component/Business Area/Date NSWC/R&D/February 2002				C. Line# and Description 4/Consolidate Nitration Facility, Ph. B(Replacement)			D. Site Identification NSWC Indian Head, MD					
		FY 2001		FY 2002			FY 2003					
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
Non ADP							1		1500			
Narrative Justification: Description This project will Consolidate Moser and Biazzi nitration operations into one versatile multipurpose nitration area. Work includes performance of hazard analysis, installation of nitration equipment controls and dynamic separators. Justification IHDIV currently has Moser and Biazzi type nitration facilities. Neither is configured to run all products. Excess capacity exists. This consolidation will reduce the maintenance cost, improve efficiency, reduce or eliminate waste, modernize facilities, and improve safety by reducing the hazards associated with the manufacture of nitrate esters. Nitration equipment controls obtained from Badger Army ammunition plant will be upgraded to provide a "state of the art " control system to provide a more efficient and safer process. Purchase of proprietary designed dynamic separators (centrifuges) is necessary to reduce the quantity of separated nitrate esters that are in process. Hazard analysis (HA) is required in order to comply with DOD "System Safety Program Requirements". Purpose of HA is to make sure safety, consistent with mission requirement, is included in technology development and designed into systems, subsystems, equipment, facilities, and their interfaces and operation. Impact Operation and maintenance costs will continue on facilities with excess capacity. Overall safety risks to perform nitration at IHDIV will not be minimized.												

(Dollars in Thousands)		A. Budget Submission FY 2003 President's Budget		
B. Component/Business Area/Date		C. Line# and Description		D. Site Identification
NSWC/R&D/February 2002		5/Miscellaneous (Non ADP < \$1000K; >= \$500K)		Various
		FY 2001	FY 2002	FY 2003
ELEMENTS OF COST		Total Cost	Total Cost	Total Cost
Non ADP		800	1276	2674
DYNAMIC INFRARED SCENE PROJECTOR (DISP)			951	
LCC Twin Strut Support System				910
RADAR TRACKING SYSTEM		800		
Range Instrumentation and Equipment Improvement			325	465
Littoral Warfare C4I/Decision Support System				699
Dynamic Infrared Scene Projector (DISP)				600

(Dollars in Thousands)		A. Budget Submission FY 2003 President's Budget		
B. Component/Business Area/Date NSWC/R&D/February 2002		C. Line# and Description 6/Miscellaneous (Non ADP < \$500K)		D. Site Identification Various
	FY 2001	FY 2002	FY 2003	
ELEMENTS OF COST	Total Cost	Total Cost	Total Cost	
Non ADP	5346	9921	7053	
<p>Examples of FY 2003 projects in this category include:</p> <ul style="list-style-type: none"> - Lithium Battery Electrode Coating Machine - Universal Rear Fitting Spin Test System - Portable Gas Chromatography/Mass Spectrometer - Irradiance Measurement Equipment 				

(Dollars in Thousands)						A. Budget Submission FY 2003 President's Budget					
B. Component/Business Area/Date NSWC/R&D/February 2002				C. Line# and Description 7/THEATER WARFARE SYSTEMS(Hardware)			D. Site Identification NSWC Dahlgren Div, Dahlgren, VA				
	FY 2001			FY 2002			FY 2003				
ELEMENTS OF COST	Qty	Unit Cost	Cost	Qty	Unit Cost	Cost	Qty	Unit Cost	Cost		
ADP	1	999	999	1	1015	1015	1	1050	1050		

Narrative Justification:

Description

The Theater Warfare Systems investment supports all core equities within the Surface Ship Combat Systems Product Area (Air and Surface Surveillance and Detection Systems, Combat Control Systems, Engagement Systems, Electronic Warfare, and Theater Air Defense Systems). This capability explores new ways to provide meaningful information to the decision-maker, whether for engineering, management, or warrior requirements, using innovative yet commercially feasible solutions. Theater Warfare Systems visually depict dynamic engineering concepts in battleforce interoperability, warfare analysis, total ship, and combat systems development. It enables decision-makers to explore various system/procurement options to evaluate the relative benefits and affordability of each in a unit/force/theater context. Theater Warfare Systems consists of display engines networked by video switching to panel display arrays. It includes high-power computing engines with sophisticated graphical and animation capabilities as well as interactive decision-support hardware and software.

Justification

Theater Warfare Systems provide a cohesive environment to visualize and analyze the performance of systems and their cost effectiveness in a unit/force/theater context. The immediate benefit is a 50% decrease in the time required to determine and document complex engineering decisions when compared to using traditional methods. It supports multiple users, especially those associated with warfare analysis and system engineering, new ship and system designs. Acquisition decision-makers need the capability to explore procurement alternatives and quickly visualize respective decision impacts through real-time, interactive simulations of various weapons systems. Theater Warfare Systems provide these capabilities for components, ship/weapon systems, platforms, force, and theater options.

Impact

This investment supports NAVSEA, PEO TSC, PEO SC21, PEO EXW, Marine Corps, and SPAWAR. Without this capability, much more costly and disjointed methods of evaluation must continue to be used in efforts such as Battleforce Interoperability, 21st Century Surface Combatant, and Land Attack Warfare, thus requiring more time to make decisions and then document these decisions.

(Dollars in Thousands)							A.Budget Submission FY 2003 President's Budget					
B. Component/Business Area/Date NSWC/R&D/February 2002				C. Line# and Description 8/Collaborative Engineering Environment(Hardware)			D. Site Identification NSWC Port Hueneme, CA					
	FY 2001			FY 2002			FY 2003					
ELEMENTS OF COST	Qty	Unit Cost	Cost	Qty	Unit Cost	Cost	Qty	Unit Cost	Cost			
ADP						800			850			
Narrative Justification:												
<p>Description</p> <p>This project enables collaboration among geographically disbursed Battleforce IPTs (Integrated Product Teams), engineers, and logisticians, and is required to support our Surface Ship Combat System Product Area including all of Air and Surface Surveillance, Combat Control Systems, Engagement Systems, Theater Air Defense. It extends to the interoperability of such systems across the Battle Force. It will link together data resources so, while each resides with subject matter experts, all are tied logically together and can be accessed from a single location. It will install data storage, data management and data sharing equipment and software. It will develop processes, procedures and protocols to 1) logically link existing data and information sets, 2) maintain a "knowledge map" of the linked information structure, 3) ensure that as new projects and programs are established, they integrate into the knowledge structure, 4) ensure that the structure itself can evolve over time.</p> <p>Justification</p> <p>Future Fleet support will require availability and access to critical technical and logistical facets of higher level In-Service Engineering Agent (ISEA) requirements. Current method of accessing total Battleforce data must be modified if we are to meet the challenge of higher level system support and BPR (Business Process Reengineering) objectives. This project links and relates existing data and disbursed information sources. Without it, Battleforce Interoperability engineers and those addressing higher level systems cannot efficiently or cost effectively pull together the information required to support the Fleet. This project will ensure a data set is held at only one place under the control of subject matter experts. This eliminates redundancy, ensures the data is accurate, enhances collaboration, and reduces both maintenance and costs; supporting our business plan of growth to higher level efforts without transferring cost to the fleet.</p> <p>Impact</p> <p>Future Fleet support will be severely impacted without this effort. Existing disparate sources will remain hard to access, with data sets duplicated, collaboration hindered, and maintenance costs high.</p>												

(Dollars in Thousands)						A. Budget Submission FY 2003 President's Budget						
B. Component/Business Area/Date NSWC/R&D/February 2002				C. Line# and Description 10/Massively Parallel Processing Machine(Hardware)			D. Site Identification NSWC Indian Head, MD					
	FY 2001			FY 2002			FY 2003					
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
ADP				1	1400	1400						
Narrative Justification:												
<p>Description</p> <p>This project will provide the capability to conduct complex scientific computations in a multi-user environment. This will be accomplished by acquiring processors supporting the SGI Origin 2000, a massively parallel processing machine (MPP). This equipment is used by the Underwater Warheads Analysis Facility (UWAF).</p> <p>Justification</p> <p>An extensive parallel computing capability is required to conduct complex scientific computations which are used by scientists to predict the performance of warheads, explosives, and explosive MCM systems. Indian Head has adopted a multi-asset approach to scientific computing. These assets include the SGI Origin 2000 and the PC Cluster, both currently in the UWAF, and the high performance computers accessed via Defense Research Engineering Network (DREN). This project will enhance the computational resources within the UWAF by expanding the number of processors on the SGI Origin 2000. Indian Head is developing a computational vulnerability model for the Advanced Amphibious Assault Vehicle (AAAV) as part of the Mine Warfare (MIW) Spike. The results of these scientific studies will help to support the AAAV Program Office. Indian Head will also need to conduct 3-dimensional calculations of the Torpedo Counter-Weapon in FY02 as part of the Platform Protection Spike. These examples are consistent with the overall direction of the Services to make modeling and simulation an integral part of the RDT&E process. This increase in workload is expected to continue as modeling and simulation gains acceptance within the acquisition community.</p> <p>Impact</p> <p>If this equipment is not provided, IHDIV will rely on the 16 bit processors it currently owns and on the off-site resources accessed via DREN. This will adversely impact the department's ability to respond to the increasing workload and the type of problems the department can address. The capability to conduct state-of-the-art scientific computing in a multi-user environment is essential if IHDIV/NSWC is to maintain a leadership role for underwater explosion phenomenology.</p>												

(Dollars in Thousands)						A. Budget Submission FY 2003 President's Budget						
B. Component/Business Area/Date NSWC/R&D/February 2002				C. Line# and Description 11/Surface Ship Integrated Topside Tech Center(Hardware)			D. Site Identification NSWC Carderock Div, Bethesda, MD					
	FY 2001			FY 2002			FY 2003					
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
ADP	1	228	228	1	300	300	1	500	500			

Narrative Justification:

Description
The Surface Ship Integrated Topside Technology Center (SSITTC) will support the computationally intensive design and analysis of surface ship designers by providing expertise, tools, and an appropriate atmosphere to foster research and development that will result in the integrated design of topsides for new generation surface ships. Through the implementation of an Integrated Computational Design Environment (ICDE) using advanced computational and telecommunications resources, the SSITTC will act as an enabling node linking a geographically distributed network of scientists and engineers highly skilled in a variety of ship analysis and design disciplines. Items+A414 to be procured include engineering workstations, communications and data encryption equipment to network these workstations and commercial design and analysis software.

Justification
The Navy currently has several large programs dedicated to identifying and developing optimum methods for surface ship deck operations and surface ship topside designs to reduce signatures, manning levels, and total ownership costs. As a surface ship analog to the Submarine Hydrodynamic/Hydroacoustic Technology Center (H/HTIC) the SSITTC will provide a distributed, collaborative design environment with a repository of appropriate computer-aided tools and technologies including computational and experimental data to efficiently develop and evaluate innovative designs for the Navy's surface ships of the 21st century.

Impact
Timely development and deployment of responsive warships in today's cost-constrained Navy is no longer possible without the use of an advanced computational tool kit integrated into and effective design environment such as the SSITTC.

(Dollars in Thousands)						A. Budget Submission FY 2003 President's Budget					
B. Component/Business Area/Date NSWC/R&D/February 2002				C. Line# and Description 13/CSACT (COMBAT SYSTEMS ADV CONCEPTS AND TECH) LAB(Hardware)			D. Site Identification NSWC Dahlgren Div, Dahlgren, VA				
	FY 2001			FY 2002			FY 2003				
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost		
ADP				1	507	507	1	595	595		
Narrative Justification:											
<p>Description</p> <p>The Combat Systems Advanced Concepts and Technology (CSACT) Laboratory supports the Surface Ship Combat Systems (Core Equities - Combat Control Systems and - Engagement Systems) Product Area. This laboratory combined several related yet independent thrusts into one cohesive whole, providing an integrated software development and evaluation environment. The CSACT Laboratory is comprised of two primary emphasis areas, the Combat Information Center (CIC) and the Computing Resource Center (CRC). This investment supports these efforts with the acquisition of a high-performance graphics processors, associated peripherals, high performance displays, and TAC workstations.</p> <p>Justification</p> <p>The Dahlgren Division lead in exploring concepts, technologies, and configurations (including manning and associated duties) with a focus on Surface Combatant 21st Century (SC21) has made the requirement for a high resolution graphics capability more urgent. This capability is required to host CIC display technology already developed, further develop and demonstrate additional concepts on information presentation and man-machine interaction, and be an active participant in Simulation Based Design (SBD). This equipment will be integrated into a network of workstations, high-performance graphic processors, and high-resolution and large-screen displays. The interconnection of these workstations and multiprocessors provides a network which enables the evaluation of new architecture concepts, algorithms, and implementation strategies. The CSACT Laboratory is used to prototype new and existing combat control systems to ensure functionality and interoperability before deployment on Fleet ships.</p> <p>Impact</p> <p>CSACT currently supports numerous sponsors, including AEGIS, Navy Theater Wide (NTW), and Surface Launching Systems (SLS). NSWC has lead responsibilities in guiding and developing the appropriate technologies required in the construction of all ship combat systems. Advanced feasibility demonstration through analysis and prototyping are critical in the pursuit of suitable technologies.</p>											

(Dollars in Thousands)							A. Budget Submission FY 2003 President's Budget					
B. Component/Business Area/Date NSWC/R&D/February 2002				C. Line# and Description 14/Standard System Hardware(Off-The-Shelf)			D. Site Identification NSWC Indian Head, MD					
	FY 2001			FY 2002			FY 2003					
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
ADP							1	1100	1100			
Narrative Justification: Description Over the last several years, NSWC has emphasized standardization of business systems and consolidating computer operations for these systems to reduce costly, specialized information technology (IT) management and labor and to improve fixed asset tracking and travel. NSWC continues to standardize within the command as part of Business Process Reengineering. Justification Currently, we are involved with the implementation of designated DoD functional applications for financial (DIFMS), contracting (standard procurement system SPS), fixed assets (DPS) and travel (DTS). This funding allows NSWC to continue implementation of these standard systems in a common, integrated fashion. Impact The impact of reducing this CPP authority would be the inability to continue implementation of DoD standard systems in a common, integrated fashion.												

(Dollars in Thousands)						A. Budget Submission FY 2003 President's Budget						
B. Component/Business Area/Date NSWC/R&D/February 2002				C. Line# and Description 15/Remote ISEA Support Capability(Software)			D. Site Identification NSWC Port Hueneme, CA					
		FY 2001		FY 2002			FY 2003					
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
ADP				1	225	225	1	800	800			
Narrative Justification:												
<p>Description</p> <p>This project adapts private sector e-business techniques to the remote delivery of In-Service Engineering Agent (ISEA) products and services. It is essential to our future Battleforce Interoperability and ISEA function, and is a critical element of the Integrated Call Center. It will install data storage, data management and e-business hardware and software, remote sensing, and communication systems. It will adapt those systems and will establish processes and procedures allowing ISEA engineers and logisticians to remotely provide products and services.</p> <p>Justification</p> <p>Once in place, these distance support technologies will allow shore-based personnel to monitor, trouble shoot, and improve the performance of deployed systems without having to travel to the ship. They will allow logisticians to deliver the right technical manual or maintenance card matching the right equipment to the right ship, on demand, and keep a permanent record of exactly what was delivered, and when. Reduced manning, reduced support funding, and increased system complexity necessitate the ability to provide products and services in a more efficient manner. Our business plan and core equity sustainment requires higher level and more effective combat systems ISEA support without transferring cost to the fleet.</p> <p>Impact</p> <p>Future fleet support would be severely impacted without this effort. We will not be able to meet the requirements imposed by increased system complexity and reduced manning without lowering the level of support or transferring significant cost to the fleet.</p>												

(Dollars in Thousands)		A. Budget Submission FY 2003 President's Budget			
B. Component/Business Area/Date NSWC/R&D/February 2002		C. Line# and Description 16/Miscellaneous (ADP < \$1000K; >= \$500K)		D. Site Identification Various	
		FY 2001	FY 2002	FY 2003	
ELEMENTS OF COST		Total Cost	Total Cost	Total Cost	
ADP		966	2979	3651	
LETHALITY & WEAPONS EFFECTIVENESS COMP PHYSICS CAP			500	500	
Modeling and Simulation/Visualization Technology			326	609	
JEDMICS UPGRADE		400	325	200	
ADVANCED COMPUTING SYSTEMS		200	396	242	
INTEGRATED PROGRAMMING ENVIRONMENT			400	400	
LINK 16 EQUIPMENT				650	
STRIKE WARFARE SYSTEMS INTEGRATION LABORATORY		366	150	200	
Littoral Warfare C4I/Decision Support System			620		
JOINT FORCE REAL-TIME ANALYSIS CENTER				587	
State-of-the-Art Audio/Visual Centers			262	263	

(Dollars in Thousands)		A. Budget Submission FY 2003 President's Budget		
B. Component/Business Area/Date NSWC/R&D/February 2002		C. Line# and Description 17/Miscellaneous (ADP < \$500K)		D. Site Identification Various
	FY 2001	FY 2002	FY 2003	
ELEMENTS OF COST	Total Cost	Total Cost	Total Cost	
ADP	3465	1798	2128	
<p>Examples of FY 2003 projects in this category include:</p> <ul style="list-style-type: none"> - Radio Frequency Identification (RFID) System - High Performance Computing Navy Simulation System - Small, High Accuracy Inertial Measurement System 				

(Dollars in Thousands)							A. Budget Submission FY 2003 President's Budget					
B. Component/Business Area/Date NSWC/R&D/February 2002				C. Line# and Description 18/DIFMS Implementation(Internally Developed)			D. Site Identification NSWC Port Hueneme, CA					
		FY 2001		FY 2002			FY 2003					
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
Software			837	1		2650	1		1000			
Narrative Justification:												
<p>Description This represents PHD's and NWS capital investment for the Defense Industrial Financial Management System (DIFMS) implementation project.</p> <p>Justification The operational target date for NWS is January 2002. Port Hueneme Division's operational target date October 2002.</p> <p>Impact Future fleet support would be severely impacted without this effort. We will not be able to meet the requirements imposed by increased system complexity and reduced manning without lowering the level of support or transferring significant cost to the fleet.</p>												

(Dollars in Thousands)							A. Budget Submission FY 2003 President's Budget					
B. Component/Business Area/Date NSWC/R&D/February 2002				C. Line# and Description 19/STANDARD SYSTEMS SOFTWARE(Internally Developed)			D. Site Identification NSWC					
	FY 2001			FY 2002			FY 2003					
ELEMENTS OF COST	Qty	Unit Cost	Cost	Qty	Unit Cost	Cost	Qty	Unit Cost	Cost			
Software		1300	1300		1300	1300		1300	1300			

Narrative Justification:

Description
Over the last several years, NSWC has emphasized standardization of business systems and consolidating computer operations for these systems to reduce costly, specialized information technology (IT) management and labor and to improve fixed asset tracking and travel. NSWC continues to standardize within the command as part of Business Process Reengineering.

Justification
Currently, we are involved with the implementation of designated DoD functional applications for financial (DIFMS), contracting (standard procurement system SPS), fixed assets (DPS) and travel (DTS). This funding allows NSWC to continue implementation of these standard systems in a common, integrated fashion.

Impact
The impact of reducing this CPP authority would be the inability to continue implementation of DoD standard systems in a common, integrated fashion.

(Dollars in Thousands)		A. Budget Submission FY 2003 President's Budget		
B. Component/Business Area/Date NSWC/R&D/February 2002		C. Line# and Description 21/Miscellaneous (Software < \$500K)		D. Site Identification NSWC Carderock Division
	FY 2001	FY 2002	FY 2003	
ELEMENTS OF COST	Total Cost	Total Cost	Total Cost	
TOTAL COST	0	150	150	
<p>The project for which FY 2003 funds are budgeted is Facilities Automated Support Technologies (FAST) software</p>				

(Dollars in Thousands)		A. Budget Submission FY 2003 President's Budget		
B. Component/Business Area/Date NSWC/R&D/February 2002		C. Line# and Description 22/Miscellaneous (Minor Construction < \$1000K; >= \$500K)		D. Site Identification Various
		FY 2001	FY 2002	FY 2003
ELEMENTS OF COST		Total Cost	Total Cost	Total Cost
Minor Construction		3893	4025	3520
CONTROL SYS ADV CONCEPT & TECH (CSACT) FACILITY			950	
CTIDES			950	
HEAVY EQUIPMENT MAINTENANCE SHOP			950	
Building 41 Egress/Stairways				925
OFFICE SPACE, BUILDING 1		906		
TEAMS CX ENGINEERING CENTER				920
JP5 Refueling System			900	
Nitramine Precipitation Tank House		900		
SYSTEMS SAFETY ADDITION (B218)		924		
Control System Data Analysis Center		842		
LARGE SCALE MODEL PREPARATION LAB				850
MINCON Design		321	275	275
Security/Badging & ID Building Renovation				550

(Dollars in Thousands)		A. Budget Submission FY 2003 President's Budget		
B. Component/Business Area/Date NSWC/R&D/February 2002		C. Line# and Description 23/Miscellaneous (Minor Construction < \$500K)		D. Site Identification Various
	FY 2001	FY 2002	FY 2003	
ELEMENTS OF COST	Total Cost	Total Cost	Total Cost	
Minor Construction	2361	4027	1955	
<p>Examples of FY 2003 projects in this category include:</p> <ul style="list-style-type: none"> - Vertical Launch System (VLS) Simulation Lab 				

Department of the Navy
Activity Group: Research and Development
Sub-Activity Group: NSWC
FY 2003 President's Budget

Line Item Pres	Line Item Current	FY 2002 Project Title	FY 2002 President's Budget	+/-	FY 2003 President's Budget	Explanation
4		Dynamic Infrared Scene Projector	0.951	-0.951	0.000	Realigned to Misc Non-ADP <\$1M >\$500K
						<u>Dynamic Infrared Scene Projector</u> realigned from separate line item +\$951K. Dropped <u>MEMS Modular Clean Room</u> -\$325K and <u>Advanced HM&E Connectivity</u> -\$200K for higher priority requirements.
6	5	Miscellaneous (Non ADP<=\$900K;>=\$500K)	0.850	0.426	1.276	Reflects reprioritization of miscellaneous projects
7	6	Miscellaneous (Non ADP<\$500K)	9.578	0.343	9.921	< \$ 500K.
Non ADP Total			11.379	-0.182	11.197	
ADP						
8	7	Theater Warfare Systems (Hardware)	1.015	0.000	1.015	No change.
10	8	Collaborative Engineering Environment	0.950	-0.150	0.800	Project cost reduction.
12	13	CSACT (Combat System Adv Concepts & Tech)	0.507	0.000	0.507	No change.
13		Strike Warfare Systems Integration Lab (Hardware)	0.150	-0.150	0.000	Realigned to ADP <\$1M > \$500K.
15	11	Surface Ship Integrated Topside Tech Cen	0.300	0.000	0.300	No change.
16		Integrated Programming	0.400	-0.400	0.000	Realigned to ADP <\$1M > \$500K.
17	15	Remote ISEA Support Capability	0.225	0.000	0.225	No change.
18	10	Massively Parallel Processing Machine	0.500	0.900	1.400	Accelerated outyear portion of requirement in order to make purchase more cost effective.
19		Lethality & Weapons Effectiveness Comp Phy Cap	0.500	-0.500	0.000	Realigned to ADP <1000K>= \$500K
20	16	Miscellaneous (ADP<=\$999K;=\$500K)	2.322	0.657	2.979	Dropped <u>High Speed Videographic System</u> -\$255K and <u>Warfare Assessment Lab Display System</u> -\$200K. <u>JEDMICS</u> price change of -\$25K. <u>Lethality & Weapons Effectiveness</u> project realigned from separate line item +\$500K. <u>State-of-the-Art AV Centers</u> price change +\$87K. Added the <u>Integrated Programming Environment</u> +\$400K and <u>Strike Warfare Systems Integration Lab</u> +\$150K.
21	17	Miscellaneous (ADP<\$500K)	2.055	-0.257	1.798	Reflects reprioritization of miscellaneous projects <\$500K.
ADP Total			8.924	0.100	9.024	

Department of the Navy
Activity Group: Research and Development
Sub-Activity Group: NSWC
FY 2003 President's Budget

Line Item Pres	Line Item Current	FY 2002 Project Title	FY 2002 President's Budget	+/-	FY 2003 President's Budget	Explanation
Software						
22	18	DIFMS (Internally Developed)	2.650	0.000	2.650	No change.
23	19	Standard Systems Software	1.300	0.000	1.300	No change.
	21	Miscellaneous (Software<\$500K)	0.000	0.150	0.150	Emergent requirement
Software Total			3.950	0.150	4.100	
Minor Construction						
27	22	Miscellaneous (Minor Construction<=\$999K;>=\$500K)	4.525	-0.500	4.025	Water Treatment Facility deferred until FY 2004 - \$500K.
28	23	Miscellaneous (Minor Construction<\$500K)	4.927	-0.900	4.027	Reflects reprioritization of miscellaneous projects <\$500K.
Minor Construction Total:			9.452	-1.400	8.052	
Grand Total			33.705	-1.332	32.373	

Naval Undersea Warfare Center

**Department of the Navy
Naval Undersea Warfare Center
FY 2003 President's Budget
Navy Working Capital Fund**

A. MISSION STATEMENT

The mission of the Naval Undersea Warfare Center (NUWC) is to operate the Navy's full spectrum research, development, test and evaluation, engineering and fleet support center for submarines, autonomous underwater systems and offensive and defensive weapon systems associated with Undersea Warfare.

B. ACTIVITY GROUP COMPOSITION

The Naval Undersea Warfare Center was established in January 1992, and is composed of two divisions, located in Newport, RI and Keyport, WA, and several detachments. The Center Management Headquarters organization is located at Newport RI.

C. BUDGET HIGHLIGHTS

(\$ in thousands)

Summary	FY 2001	FY 2002	FY 2003
New Orders	\$773,264	\$699,644	\$687,318
Revenue	\$771,173	\$719,493	\$702,519
Cost of Goods/ Services	\$762,359	\$721,409	\$719,995
Operating Results	\$8,814	(\$1,916)	(\$17,476)
Accumulated Operating Results	(\$1,373)	(\$3,288)	-0-
Civilian End Strength	4,092	3,902	3,912
Civilian Workyears (Straight time)	3,947	3,893	3,887
Military End Strength	28	51	51
Military Workyears	30	34	34
Capital Program	\$19,382	\$20,000	\$21,000

**Naval Undersea Warfare Center
FY 2003 President's Budget**

1. Management Statement

The Center's FY 2001 reimbursable funding levels exceeded those reflected in the President's budget. NUWC also exceeded its FY 2001 NOR estimate of \$8,563K by \$251K.

NUWC will convert to the Navy/Marine Corps Intranet (N/MCI) in the fourth quarter of FY 2002. The Center is not currently anticipating any additional cost for the N/MCI initiative.

The Center achieved its budgeted Strategic Sourcing (SS) savings in FY 2001. We have not changed our SS savings estimates from the FY 2002 President's Budget and expect that we will achieve those savings as well.

NUWC's Keyport Division converted its financial operations to the Defense Industrial Fund Management System (DIFMS) on 1 October 2001. Both NUWC divisions are now operating under DIFMS.

2. Workload
(\$ in thousands)

Workload	FY 2001	FY 2002	FY 2003
New Orders	\$773,264	\$699,644	\$687,318

The Center's budget has been balanced to customer workload. The FY 2001 figure reflects actual orders.

**Naval Undersea Warfare Center
FY 2003 President's Budget**

3. Financial Profile

(\$ in thousands)

\$M	FY 2001	FY 2002	FY 2003
Revenue	\$771,173	\$719,493	\$702,519
Cost of Goods/Services	\$762,359	\$721,409	\$719,995
Operating Results	\$8,814	(\$1,916)	(\$17,476)
Passthroughs	-0-	-0-	\$20,767
Accumulated Operating Results	(\$1,373)	(\$3,288)	-0-

Revenue and Cost of Goods/Services

Revenue and cost decline slightly from year to year. This reflects the Center's efforts to size itself to meet anticipated customer workload. However our Revenue and Cost of Goods Sold estimates for FY 2002 and FY 2003 have increased over the President's budget estimates to reflect receipt of more orders than previously estimated.

Operating Results

As noted above, NUWC achieved the FY 2001 NOR goal, which was set in the FY 2002 President's Budget. The current estimate for FY 2002 operating results is (\$1,916) thousand.

4. Overhead

(\$ in thousands)

Overhead	FY 2001	FY 2002	FY 2003
Current Estimate	161,978	160,452	164,322

NUWC overhead will decrease slightly over the budget period, however, several events will preclude NUWC from meeting its FY 2002 President's Budget estimates for overhead expense. In FY 2001 our overhead exceeded the plan because of increased utility costs and additional personnel costs such as training in conjunction with the Defense Acquisition Workforce Initiative. The increase in overhead workyears resulted from higher than planned end strength in FY 2001. These new people require additional training hours that were not included in the President's budget.

**Naval Undersea Warfare Center
FY 2003 President's Budget**

5. Personnel

Civilian End Strength/Workyears

Civilian Personnel	FY 2001	FY 2002	FY 2003
Civilian End Strength	4,092	3,902	3,912
Civilian Workyears (Straight time)	3,947	3,893	3,887

The civilian end strength and workyear numbers remain fairly stable over the budget period. Management will continue in its efforts to balance workforce to workload. In this effort, it may be necessary to execute a small number of SIPs in FY 2002 and FY 2003.

Military End Strength/Workyears

Military Personnel	FY 2001	FY 2002	FY 2003
Military End Strength	28	51	51
Military Workyears	30	34	34

Military End Strength and workyears remain stable over the budget period.

Productive Ratio

Productive Ratio	FY 2001	FY 2002	FY 2003
Current Estimate	81%	81%	81%

The productive ratio, a measure of direct labor effort to total labor, remains stable.

**Naval Undersea Warfare Center
FY 2003 President's Budget**

6. Capital Purchase Program (CPP)

(\$ in thousands)

CPP \$M	FY 2001	FY 2002	FY 2003
Equipment	\$ 3,546	\$ 7,446	\$ 8,004
ADP	\$12,729	\$10,729	\$11,611
Minor Construction	\$ 1,302	\$ 1,825	\$ 1,385
Software Development	\$ 1,805	-0-	-0-

CPP

NUWC's capital purchase program for FY 2002 was submitted with minor adjustments between categories.

7. Billing Rates

Billing Rates	FY 2001	FY 2002	FY 2003
Stabilized Rate	\$81.95	\$80.43	\$83.21
Billing Rate Change %	8.7%	(1.9%)	3.5%

Stabilized Rate

The Center's FY 2003 stabilized billing rate will increase by 3.5% over the FY 2002 rate. NUWC will continue to pursue cost saving initiatives to keep rate increases to a minimum.

8. Unit Cost

Unit Cost	FY 2001	FY 2002	FY 2003
Stabilized Cost (\$M)	\$397.8	\$403.8	\$431.0
Direct Labor Hours (000)	5,111	5,018	5,031
Unit Cost	\$77.82	\$80.48	\$85.67

Unit Cost

Direct labor hours will remain fairly constant over the budget period. The increase in fixed overhead cost, and labor pricing impact the Center's unit cost trend over the budget period.

**Naval Undersea Warfare Center
FY 2003 President's Budget**

9. Activity Group - Carryover Reconciliation

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Revenue	\$771,174	\$719,492	\$702,517
Gross Carryover	304,162	284,314	269,110
Less Work In Process	29,301	28,399	28,399
Less FMS	35,033	32,473	27,725
Less BRAC	181	0	0
Less Other Fed Sources	198	69	40
Less Non-Federal Sources	5,411	4,653	4,032
Less <u>Cont Liabilities</u>	<u>53,742</u>	<u>65,725</u>	<u>38,989</u>
Net Carryover	\$180,296	\$152,995	169,925
Months	2.8	2.5	2.9

10. FEHB/CSRS Accruals in FY 2003

To improve the accounting for and make the cost of government programs more visible to the American people, the Administration is proposing to align the full annual budgetary costs of resources used by programs with the budget accounts that fund the programs. To that end, the budget includes a request for a direct appropriation of \$373 million for the Navy Working Capital Fund (of which \$20.8 million is included in the Naval Undersea Warfare Center budget), to fund the full accruing cost of the Civil Service Retirement System and retire health benefits for civilian employees in the Federal Employee Health Benefit Program. Beginning with the FY 2004 Budget, these costs will be built-into the rates charged to Working Capital Fund customers. This proposal does not increase the total costs to the Federal government, since these costs were previously funded from a central account.

INDUSTRIAL BUDGET INFORMATION SYSTEM
REVENUE and EXPENSES
AMOUNT IN THOUSANDS
NUWC / TOTAL

	FY 2001 CON	FY 2002 CON	FY 2003 CON
Revenue:			
Gross Sales			
Operations	751,969	699,972	682,258
Surcharges	0	0	0
Depreciation excluding Major Constructio	19,204	19,521	20,258
Other Income			
Total Income	771,173	719,493	702,516
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	2,213	2,069	1,946
Civilian Personnel	328,105	339,819	368,647
Travel and Transportation of Personnel	20,705	19,368	19,015
Material & Supplies (Internal Operations	56,745	56,739	55,034
Equipment	16,936	20,244	20,038
Other Purchases from NWCF	49,786	43,798	43,680
Transportation of Things	1,554	1,622	1,648
Depreciation - Capital	19,203	19,521	20,258
Printing and Reproduction	1,656	1,674	1,613
Advisory and Assistance Services	0	0	0
Rent, Communication & Utilities	17,483	18,389	18,977
Other Purchased Services	259,044	197,264	169,139
Total Expenses	773,429	720,507	719,995
Work in Process Adjustment	-10,077	901	0
Comp Work for Activity Reten Adjustment	-993	0	0
Cost of Goods Sold	762,359	721,408	719,995
Operating Result	8,814	-1,915	-17,479
Less Surcharges	0	0	0
Plus Appropriations Affecting NOR/AOR	0	0	20,767
Other Changes Affecting NOR/AOR	0	0	0
Extraordinary Expenses Unmatched	0	0	0
Net Operating Result	8,814	-1,915	3,288
Other Changes Affecting AOR	0	0	0
Accumulated Operating Result	-1,373	-3,289	-2

INDUSTRIAL BUDGET INFORMATION SYSTEM
 NUWC / TOTAL
 SOURCE of REVENUE
 AMOUNT IN THOUSANDS

	FY 2001 CON -----	FY 2002 CON -----	FY 2003 CON -----
1. New Orders	773,264	699,644	687,313
a. Orders from DoD Components	679,629	614,462	600,047
Department of the Navy	662,793	602,481	588,087
O & M, Navy	169,046	144,146	138,338
O & M, Marine Corps	0	0	0
O & M, Navy Reserve	2,707	2,213	2,229
O & M, Marine Corp Reserve	0	0	0
Aircraft Procurement, Navy	7,649	8,293	9,013
Weapons Procurement, Navy	73,940	66,975	64,978
Ammunition Procurement, Navy/MC	0	0	0
Shipbuilding & Conversion, Navy	69,698	63,900	65,379
Other Procurement, Navy	113,304	108,277	102,995
Procurement, Marine Corps	650	0	0
Family Housing, Navy/MC	0	0	0
Research, Dev., Test, & Eval., Navy	225,746	208,112	204,592
Military Construction, Navy	53	0	0
Other Navy Appropriations	0	565	563
Other Marine Corps Appropriations	0	0	0
Department of the Army	570	183	183
Army Operation & Maintenance	82	27	27
Army Res, Dev, Test, Eval	242	136	136
Army Procurement	246	20	20
Army Other	0	0	0
Department of the Air Force	86	12	12
Air Force Operation & Maintenance	85	12	12
Air Force Res, Dev, Test, Eval	1	0	0
Air Force Procurement	0	0	0
Air Force Other	0	0	0
DOD Appropriation Accounts	16,180	11,786	11,765
Base Closure & Realignment	0	0	0
Operation & Maintenance Accounts	5,921	866	873
Res, Dev, Test & Eval Accounts	8,951	10,920	10,892
Procurement Accounts	948	0	0
DOD Other	360	0	0
b. Orders from other WCF Activity Groups	56,595	39,962	41,960
c. Total DoD	736,224	654,424	642,007
d. Other Orders	37,040	45,220	45,306
Other Federal Agencies	1,034	735	741
Foreign Military Sales	24,362	37,091	37,083
Non Federal Agencies	11,644	7,394	7,482
2. Carry-In Orders	302,071	304,162	284,313
3. Total Gross Orders	1,075,335	1,003,806	971,626
a. Funded Carry-Over	304,162	284,313	269,110
b. Total Gross Sales	771,173	719,493	702,516

INDUSTRIAL BUDGET INFORMATION SYSTEM
 NUWC / TOTAL
 SOURCE of REVENUE
 AMOUNT IN THOUSANDS

	FY 2001 CON -----	FY 2002 CON -----	FY 2003 CON -----
4. Revenue (-)	-771,174	-719,492	-702,517
5. End of Year Work-In-Process (-)	-29,301	-28,399	-28,399
6. Direct Contract Obligations(-)	-53,742	-65,725	-38,989
7. Non-DoD, BRAC, FMS, DWCF Orders (-)	-40,823	-37,195	-31,797
8. Net Funded Carryover	180,296	152,995	169,925
9. Months of Carryover	2.8	2.5	2.9

Exhibit Fund-11

FY 2003 A-11 PRESIDENT'S BUDGET
NAVY WORKING CAPITAL FUND
R&D: NAVAL UNDERSEA WARFARE CENTER
FEBRUARY 2002
CHANGES IN THE COSTS OF OPERATION
(DOLLARS IN THOUSANDS)

	<u>TOTAL EXPENSES</u>
FY 2001 Actual	773,430
FY 2002 President's Budget	693,306
 Price Adjustments	
FY 2002 Pay Raise	
Civilian Personnel	75
Military Personnel	2
Annualization of FY 2001 pay raise	
Civilian Personnel	292
Military Personnel	2
Supply Management - fuel	354
Supply Management - non-fuel	13
NWCF price changes	(140)
General purchase inflation	1,371
 Productivity Initiatives	
Strategic Sourcing	0
Savings from CPP	0
N/MCI Savings	0
 Program Changes	
Workload	24,728
BRAC	0
Intra NUWC Transfers	0
Other (specify)	0
 Other Changes	
SIP/VERA/RIF	500
SIP Incentive/Retirement Offset	180
FECA	(176)
Change in Paid Days	0
Military	0
Depreciation	0
Contracts	0
Materials	0
Other	0
 FY 2002 Current Estimate	 720,507

FY 2003 A-11 PRESIDENT'S BUDGET
NAVY WORKING CAPITAL FUND
R&D: NAVAL UNDERSEA WARFARE CENTER
FEBRUARY 2002
CHANGES IN THE COSTS OF OPERATION
(DOLLARS IN THOUSANDS)

	<u>TOTAL EXPENSES</u>
FY 2002 Current Estimate	720,507
Price Adjustments	
FY 2003 Pay Raise	
Civilian Personnel	5,584
Military Personnel	46
Increased Federal Employee Health and Retirement Benefits	
Civilian Personnel	20,767
Annualization of FY 2002 pay raise	
Civilian Personnel	2,996
Military Personnel	26
Supply Management - fuel	(849)
Supply Management - non-fuel	281
NWCF price changes	992
General purchase inflation	3,497
Productivity Initiatives	
Strategic Sourcing	(908)
Savings from CPP	(2,816)
N/MCI Savings	(1,276)
Program Changes	
Workload	(29,437)
BRAC	0
Intra NUWC Transfers	0
Other (specify)	0
Other Changes	
SIP/VERA/RIF	0
SIP Incentive/Retirement Offset	6
FECA	37
Change in Paid Days	0
Military	(195)
Depreciation	737
Contracts	0
Materials	0
Other	0
FY 2003 Current Estimate	719,995

Working Capital Fund Capital Investment Summary
Department of the Navy
Research & Development
Naval Undersea Warfare Center
FY 2003 President's Budget
February 2002
(\$ in Millions)

LINE #	ITEM DESCRIPTION	FY 01		FY 02		FY 03	
		QUANT	TOTAL COST	QUANT	TOTAL COST	QUANT	TOTAL COST
	1. Non ADP Equipment						
	a. Productivity (Major)						
L266	UUV Testing			1	.400	1	.900
L267	COTS Systems Support			1	.500	1	.500
	Productivity Non-ADP (Major) (\$500 - \$999K)			4	1.430	4	1.980
	Productivity Non ADP Equipment (Minor)	1	.270	6	1.330	7	1.230
	b. Replacement (Major)						
	Replacement Non ADP Equipment (Minor)	1	.380	4	.863	4	.744
	c. Environmental (Major)						
L259	Fac for Analysis & Characterization of Transducers & Materials	1	.609	1	.200	1	.200
	Environmental Non-ADP (Major) (\$500 - \$999K)						
	Environmental Non ADP Equipment (Minor)	1	.115	3	.615		
	d. New Mission (Major)						
L225	Shallow Water Syn Env Eval Facility	1	.926				
L260	Telemetry & Fiber Optic Sensor Dev Lab	1	.615				
L261	Littoral USW Facility			1	.662	1	.960
L262	USW Testing and Support Facility			1	.874	1	.835

EXHIBIT 9A

Working Capital Fund Capital Investment Summary
Department of the Navy
Research & Development
Naval Undersea Warfare Center
FY 2003 President's Budget
February 2002
(\$ in Millions)

LINE #	ITEM DESCRIPTION	FY 01		FY 02		FY 03	
		QUANT	TOTAL COST	QUANT	TOTAL COST	QUANT	TOTAL COST
	New Mission Non-ADP (Major) (\$500 - \$999K)			1	.440	1	.345
	New Mission Non ADP Equipment (Minor)	3	.631	1	.132	2	.310
	Total Non ADP Equipment	9	3.546	24	7.446	23	8.004
	2. ADP & Telecommunications Equipment						
	a. Other Computer & Telecommunications Support Equip (Major)						
L186	Simulation Based Design (Productivity)	1	2.000				
L231	Virtual Systems Design (New Mission)	1	1.300	1	1.674	1	1.560
L247	Integrated Display Center Upgrade (Productivity)	1	.250	1	.125	1	.125
L248	Undersea Battlespace Facility (Productivity)	1	.756				
L249	Undersea Warfare Syn Env Design System (Productivity)	1	.500				
L250	WAF New Architecture (Replacement)	1	.315				
L253	Secure Wideband Communications	1	.725				
L258	Real-Time Information Transfer Network (RITN) (New Mission)	1	.500	1	.250		
L263	Scientific Computational Resources Upgrade (Replacement)			1	1.149	1	.979
L264	USW Testbed for Decision Support (New Mission)			1	1.247	1	1.386
L269	Common Product Development (Productivity)			1	1.165	1	1.335
	ADP Projects (Major) (\$500 - 999K)	8	3.005	7	1.945	7	2.499
	a. Other Computer & Telecomm Support Equip Total (Minor)	9	3.378	12	3.174	15	3.727
	Total ADP & Telecommunication Equipment	25	12.729	25	10.729	27	11.611
	3. Software						

EXHIBIT 9A

Working Capital Fund Capital Investment Summary
Department of the Navy
Research & Development
Naval Undersea Warfare Center
FY 2003 President's Budget
February 2002
(\$ in Millions)

LINE #	ITEM DESCRIPTION	FY 01		FY 02		FY 03	
		QUANT	TOTAL COST	QUANT	TOTAL COST	QUANT	TOTAL COST
	a. Software (Major)						
L241	DIFMS - Newport Division	1	.200				
L242	DIFMS - Keyport Division	1	1.499				
	b. Software (Minor)	1	.106				
	Total Software	3	1.805				
	4. Minor Construction						
	Minor Construction		1.302		1.825		1.385
	Total Minor Construction		1.302		1.825		1.385
	Grand Total Capital Purchase Program		19.382		20.000		21.000

EXHIBIT 9A

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2003 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2002			C. Line No. & Item Description L266 UUV Testing				D. Activity Identification NUWC Division, KPT		
			FY 2001		FY 2002		FY 2003		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
UUV Testing				1	400	400	1	900	900
<p>Narrative Justification:</p> <p>Consolidate and procure equipment to test unmanned undersea vehicles (UUV) in complex multi-vehicle and platform scenarios. Equipment will improve technical productivity, reduce operation and maintenance costs, and improve data interoperability with UUV sensors and systems. The fleet is developing and implementing net centric systems, sensors and platforms, which are interoperable and interdependent and require complete scenario testing.</p> <p>This project provides portable measurement, stimulation and connectivity systems for test interoperability that allow injection of stimulus for UUV sensor evaluation and also provides stealth initiatives that provide the ability to measure low level acoustic and non-acoustic signatures.</p>									

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2003 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2002			C. Line No. & Item Description L267 COTS Systems Support				D. Activity Identification NUWC Division, KPT		
			FY 2001		FY 2002		FY 2003		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
COTS Systems Support				1	500	500	1	500	500
Narrative Justification: <p>This project is to procure equipment and system components to establish a state-of-the-art COTS equipment supportability capability for various combat systems and platforms. The new equipment will provide the capability to integrate, test and provide support such as tech refresh and tech insertion for new and existing combat systems. The need for this project is driven by the increasing reliance on COTS equipment in Navy combat systems deployed in the fleet, and the rapid pace of technology change inherent in those systems. This project will allow us to establish a common hardware and software architecture that will reduce system maintenance and reconfiguration costs and improve flexibility for supporting a wider variety of COTS systems. It should be noted that the economic analysis for this project was very conservative and the payback period is considered to be a maximum payback period.</p>									

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2003 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2002			C. Line No. & Item Description N/A Productivity Non ADP Consolidated Projects (\$500K - \$999K)				D. Activity Identification NUWC Division, NPT/KPT		
		FY 2001		FY 2002			FY 2003		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Productivity Non ADP (500K-999K)				4		1,430	4		1,980
Narrative Justification:									
	<u>Location</u>	<u>FY01</u>	<u>FY02</u>	<u>FY03</u>					
System Suitability Validation	Keyport		400	400					
Fleet Readiness Support	Keyport		400	400					
Undersea Weapons Consolidation	Keyport		330	580					
Environmental Test & Evaluation	Keyport		300	600					

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2003 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2002			C. Line No. & Item Description <u>N/A</u> Productivity Non ADP Equipment (Minor)				D. Activity Identification NUWC Division, NPT/KPT		
		FY 2001		FY 2002			FY 2003		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Productivity Non ADP Minor	1		270	6		1,330	7		1,230
Narrative Justification: Projects between \$100K - \$499K									

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2003 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2002			C. Line No. & Item Description N/A Replacement Non ADP Equipment (Minor)				D. Activity Identification NUWC Division, NPT/KPT		
		FY 2001		FY 2002			FY 2003		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement Non ADP Minor	1		380	4		863	4		744
Narrative Justification: Projects between \$100K - \$499K									

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2003 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2002			C. Line No. & Item Description L259 Fac for Analysis & Characterization of Transducers & Materials				D. Activity Identification NUWC Division, NPT		
			FY 2001		FY 2002		FY 2003		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Fac for Anal / Char of Transducers & Materials	1	609	609	1	200	200	1	200	200
<p>Narrative Justification:</p> <p>The Naval Undersea Warfare Center, Division Newport (NUWC DIV NPT) is responsible for work under its leadership areas of submarine and surface ship sonar systems including acoustic sensors, transducers and arrays.</p> <p>NUWC DIV NPT is the Navy's only fully integrated transducer design operation. The Facilities for the Analysis and Characterization of Transducers and Materials it used for the design and development of transducers and arrays for future sonar systems. The operation supports theoretical modeling design, prototyping, test and analysis of sonar transducers and arrays. The transducer design operation is "cradle-to-grave; from basic research of materials, to prototype design and evaluation, to production and fleet support.</p> <p>In order for NUWC DIV NPT to maintain its transducer technology expertise to provide the most advanced, compatible, efficient, and cost effective sensors for submarine systems of the future, this laboratory must be updated. With the rapid evolution of new computer capabilities as well as instrumentation, it is imperative that existing outdated equipment be upgraded to maintain the superior products developed for the Fleet.</p> <p>Following year funding will provide additional upgrades to synthesize / characterize ceramic transduction materials. This will foster a means for testing new ideas for improving existing materials and producing novel materials.</p>									

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2003 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2002			C. Line No. & Item Description N/A Environmental Non ADP Equipment (Minor)				D. Activity Identification NUWC Division, NPT/KPT		
		FY 2001		FY 2002			FY 2003		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Envir Non ADP Minor	1		115	3		615			
Narrative Justification: Projects between \$100K - \$499K									

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2003 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2002			C. Line No. & Item Description L261 Littoral USW Facility				D. Activity Identification NUWC Division, NPT		
			FY 2001		FY 2002		FY 2003		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Littoral USW Facility				1	1	662	1	960	960
<p>Narrative Justification:</p> <p>The Naval Undersea Warfare Center (NUWC) is one of the lead navy activities dedicated to operate the Navy's full spectrum research, development, test and evaluation, engineering and fleet support center for submarines, autonomous underwater systems, and offensive and defensive weapon systems associated with Undersea Warfare. Undersea Warfare is the conduct of battle beneath the surface of the oceans with the principal objective of achieving battlespace dominance, to fully neutralize enemy offensive and defensive weapons. Two decades from now, US submarines will conduct a multitude of diverse operations in littoral areas. The Littoral USW Facility is composed of systems to provide detection, classification and localization of threats encountered in a shallow water environment, including improved sensors, processing and communications to support multi-statics, data fusion and netcentric ASW applications. These systems are critical components needed to maintain undersea superiority against future undersea warfare threats.</p> <p>If this equipment is not acquired, NUWC will be unable to provide the Navy with the capabilities to combat and neutralize the technological advancements of non-allied nations which pose threats beyond the scope of traditional acoustic stealth. Consequently, NUWC will be unable to protect the fleet, and make the necessary contributions to prepare for future threats.</p>									

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2003 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2002			C. Line No. & Item Description L262 USW Testing and Support Facility				D. Activity Identification NUWC Division, NPT		
			FY 2001		FY 2002		FY 2003		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
USW Testing & Support Fac				1	874	874	1	835	835
Narrative Justification: <p>The Naval Undersea Warfare Center (NUWC) is one of the lead Navy activities dedicated to operate the Navy's full spectrum research, development, test and evaluation, engineering and fleet support center for submarines, autonomous underwater systems, and offensive and defensive weapon systems associated with Undersea Warfare. Constrained budgets necessitate the development of affordable, innovative, evolving systems for applications in undersea warfare. The USW Testing and Support Facility will develop and test innovative concepts and approaches for critical undersea warfare components, subsystems and systems. The USW Testing and Support Facility will act as a focus for high risk/high pay-off concepts, technologies and products by providing an environment in which to integrate, demonstrate and evaluate advanced concepts and technologies. The Facility will support the transition from existing to advanced next-generation designs.</p> <p>If this equipment is not acquired, NUWC will be unable to support and test critical undersea warfare components and provide the Navy with affordable, innovative capabilities to meet future fleet needs. Not being able to test and evaluate systems early in the development phase will increase the cost to the Navy by increasing development time and at-sea testing. Consequently, NUWC will be unable to protect the fleet, and make the necessary contributions to prepare for the future.</p>									

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2003 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2002			C. Line No. & Item Description N/A New Mission Non ADP Equipment (Minor)				D. Activity Identification NUWC Division, NPT/KPT		
		FY 2001		FY 2002			FY 2003		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
New Mission Non ADP Minor	3		631	1		132	2		310
Narrative Justification: Project between \$100K - \$499K									

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2003 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2002			C. Line No. & Item Description L231 Virtual Systems Design				D. Activity Identification NUWC Division, NPT		
			FY 2001		FY 2002		FY 2003		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Virtual Sys Design	1	1,300	1,300	1	1,674	1,674	1	1,560	1,560
Narrative Justification: <p>As the Navy continues to deal with reduced budgets, more and more emphasis is being placed on our Modeling and Simulation (M&S) capabilities. In order to provide a more cost effective, inter-operable, value-added M&S suite for submarine systems, weapon systems, and Unmanned Undersea Vehicles (UUVs), the Virtual Systems Design (VSD) project will integrate capabilities that exist within the departments of the Naval Undersea Warfare Center, Division Newport (NUWC DIVNPT). The NUWC DIVNPT will enhance its systems Research, Development, Test and Evaluation (RDT&E) capabilities by implementing VSD which will support the recent Navy-wide mandate for enhanced M&S.</p> <p>The capabilities, which will be achieved by this project, will facilitate reduced acquisition and ownership costs, support and even greater degree of the “model-test-model-build” concept, and expand the M&S within the training and assessment areas. The VSD will combine tools for analysis in order to optimize and standardize submarine and weapon system RDT&E. The VSD will allow the integration and standardization of M&S across the NUWC DIVNPT mission areas. In addition, the systems will be developed with data interface considerations for connectivity not only within the Division, but also to other Navy, DOD, academic, and industry facilities.</p>									

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2003 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2002			C. Line No. & Item Description L247 Integrated Display Center Upgrade				D. Activity Identification NUWC Division, NPT		
			FY 2001		FY 2002		FY 2003		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Integrated Display Ctn Upgrade	1	250	250	1	125	125	1	125	125
Narrative Justification <p>The Integrated Display Center will be a unique facility which supports Naval Undersea Warfare Center, Division Newport (NUWC DIVNPT) simulation display requirements as well as management functions. This center will be a multi-use facility that will provide world-class visualization capabilities for review of at sea and virtual system test and evaluations as well as support various management decision processes.</p> <p>This capability will help NUWC DIVNPT and the Navy by linking NUWC DIVNPT to the Fleet test and training community with live, visual capabilities thus allowing warfighters to evaluate next generation undersea warfare systems such as torpedoes, sonar, and combat control early in the lifecycle; thereby reducing training, test, evaluation, and acquisition costs. The technology employed by the display center will be a significant contributor to enhancement of NUWC DIVNPT's modeling and simulation (M&S) efforts as well as offer a state-of-the-art facility to support various technical working groups, program reviews with sponsors, and forums with industry and academia. Currently, NUWC Division Newport does not have a dedicated simulation Presentation Facility. Some existing facilities can accomplish subsets of the proposed capabilities of the IDC. By funding this project, Division Newport will establish a unique facility, providing all departments with state of the art visualization capability that will enhance development, testing, and integration efforts. It will also provide the Division with the ability to showcase all department products and capabilities from a single location. The installation of the presentation theater will provide world-class visualization capabilities to a large audience forum in the areas of modeling and simulation, design, development, testing, training and management decision support. The facility will include access to the NUWC Intranet; the VTC network; NUWC facilities housing real, virtual and constructive models; T&E and training ranges; Tri-services; other Warfare centers; and link to DSI and DREN networks. This project will give warfighters the ability to evaluate next generation weapons early in the lifecycle, while reducing training, T&E and acquisition process costs.</p> <p>The impact of not funding this project - visualization is an essential and critical component of modeling and simulation, physics based modeling, simulation based design, and the undersea battlespace which are all key division Newport initiatives and integral to the NUWC vision and its future systems. Without this project, NUWC Division Newport would not be able to maintain its' leadership role in the area of visualization.</p>									

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2003 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2002			C. Line No. & Item Description L258 Real-Time Information Transfer				D. Activity Identification NUWC Division, NPT		
		FY 2001		FY 2002			FY 2003		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Real-Time Info Transfer	1	500	500	1	250	250			
Narrative Justification: <p>The Real-Time Information Transfer Network will develop a network architecture to meet Research Development Test and Evaluation (RDT&E) requirements with modeling and simulation (M&S) augmentation. Available network technologies, such as Asynchronous Transfer Mode (ATM), are robust enough to support a real-time synthetic environment in Local Area Network (LAN) and Wide Area Network (WAN) configurations.</p> <p>RITN supports the Division's Near-Term Goals/Investment areas. ATM networking hardware and protocols will provide a robust and flexible network architecture to support all NUWC distributed Modeling and Simulation (M&S) efforts. RITN maintains NUWC's presence as a state-of-the-art valued player within the global M&S community. This network is being developed in consonance with Navy efforts to comply with DoD networking initiatives. The establishment of a secure network backbone for the Division will enable partnering among the various technical Codes as well as create the foundation for the establishment of an Undersea Battlespace (USB) Facility. With the RITN, NUWC will be well postured to support all aspects of distributed Modeling and Simulation and Simulation Based Development initiatives. A NUWCDIVNPT investment in network technology will enable future incorporation into DoD master plans.</p> <p>NUWCDIVNPT investment in RITN technology is required for full-spectrum support of the undersea community. NUWCDIVNPT will not have a significant role in distributed M&S programs without ATM networked facilities.</p>									

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2003 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2002			C. Line No. & Item Description L263 Scientific Computational Resources Upgrade				D. Activity Identification NUWC Division, NPT		
			FY 2001		FY 2002		FY 2003		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Sci Comp Resources Upgrade				1	1,149	1,149	1	979	979
Narrative Justification: In order to provide the necessary scientific computer resources at the Naval Undersea Warfare Center, Division Newport, adequate systems must be acquired to meet the Research, Development, Test and Evaluation (RDT&E) needs. The Scientific Computational Resources Upgrade project enhances existing scientific computational engines or replaces systems that are no longer cost effective to operate. This project provides the visualization engines and repositories of DoD high performance computer systems for engineers and scientists to develop innovative undersea warfare solutions. These computational engines are a key component and requirement for many of the existing and proposed projects to be fully functional. Replacement of the obsolete computer equipment and the additional of these visualization engines will provide Division Newport with more reliable and more cost effective resources which will ensure that the technical areas have the capabilities they need to meet their requirements. Increased reliability will reduce maintenance costs, increase overall efficiency, and enhance compatibility internally and externally to the Division. If this equipment is not acquired, NUWC can expect to incur loss of personnel productivity, decreased customer satisfaction, rapidly escalating maintenance costs, reduced services to the technical community, and technical obsolescence. Consequently, NUWC will be unable to provide the necessary corporate computer resources necessary to meet the current and future computational and display requirements of the RDT&E and business populations.									

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2003 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2002			B. Line No. & Item Description L264 USW Testbed for Decision Support				D. Activity Identification NUWC Division, NPT		
			FY 2001		FY 2002		FY 2003		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
USW Testbed for Dec Support				1	1,247	1,247	1	1,386	1,386
<p>Narrative Justification:</p> <p>The Naval Undersea Warfare Center is responsible for the full spectrum research, development, test and evaluation, engineering and fleet support center for submarines, autonomous underwater systems, and offensive and defensive weapon systems associated with undersea warfare. The ongoing evolution of submarine platforms, driven by changes in technology and mission, influence the command decision support functions.</p> <p>The USW Testbed for Decision Support will consist of systems focused on providing the necessary tools for the development of innovative decision support applications that encompass decision aids, data fusion and analysis, human computer interaction and automation of human functions, along with the associated display elements that support these systems. These systems are critical components in developing situational awareness and information assurance in the future undersea warfare battlespace and stated in the Navy future requirements guidance.</p> <p>By integrating and demonstrating advanced technology-based concepts which leverage high risk hardware, software, display, communication, and automation technologies, the USW Testbed for Decision Support will serve as the place to create a vision of the future than can serve to support and validate long-term evolution goals for undersea warfare applications. It will also reduce future transition risks and costs while ensuring that program decision makers and engineers share a common vision of long term next generation system upgrades and capabilities.</p> <p>During each phase of the project, systems will be operational providing an interim capability until the system is fully integrated. Initial development will be followed by required improvements that reflect the changing technology, advanced concept designs and operational requirements.</p> <p>If this equipment is not acquired, NUWC will be unable to provide the Navy with the advanced capabilities to overcome the oversight confusion and inertia presently constraining undersea warfare operations across the total battlespace. Consequently, NUWC will be unable to protect the fleet, and make the necessary contributions to prepare for the warfighting capabilities needed in the future.</p>									

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2003 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2002			C. Line No. & Item Description L269 Common Product Development				D. Activity Identification NUWC Division, NPT		
			FY 2001		FY 2002		FY 2003		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Common Product Dev				1	1,165	1,165	1	1,335	1,335
Narrative Justification: The emphasis of this initiative will be directed toward the development of cost effective processes and methods that facilitate the utilization of state-of-art tools that are essential for a credible and validated approach for application of Simulation Based Design / Simulation Based Acquisition to Undersea Warfare Systems. This project is focused on the provision of "high-end" tools that permit the design and analysis of undersea warfare systems as virtual products containing all the attributes of actual systems such as performance, vulnerability, reliability, maintainability, and total ownership cost. The affordability of these tools and processes is addressed by common utilization across all product lines. These tools will be applied to undersea system problems, including the development of models that predict sonar performance metrics, mechanical performance (shock, thermal, hydrodynamic, etc.), geometries of systems, structural characteristics and how these properties relate to each other in producing the loads and stresses experienced by the combined system. These tools also address affordability in terms of total ownership costs. This investment is needed to enhance NUWC's capabilities and efficiency in integrated design, modeling, and simulation as it pertains to SBD/SBA. This investment is also leveraged to encourage teamwork across the division and to assure the maximum sharing of resources.									

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2003 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2002			C. Line No. & Item Description N/A ADP Projects Major (\$500K - \$999K)				D. Activity Identification NUWC Division, NPT/KPT		
			FY 2001		FY 2002		FY 2003		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
ADP Projects Major (500K-999K)	8		3,005	7		1,945	7		2,499
Narrative Justification:									
				<u>Location</u>	<u>FY01</u>	<u>FY02</u>	<u>FY03</u>		
Strategic Management Information Center				Newport	125	75	99		
Undersea Warfare Modeling & Simulation Support				Newport	135	150	150		
Electromagnetic Range Improvement				Newport	400				
Vehicle Emulation Initiative				Newport		515	395		
Ocean Lab Range Architecture				Keyport	400				
COTS Support and Integration Capability				Keyport	400				
Server Upgrade				Keyport	375				
Fleet Integrated Data Environment				Keyport	700				
Technical Data Systems Upgrade				Keyport	470				
Fleet Test Data Analysis & Feedback				Keyport		300	200		
Fleet Maint. & Logistics Information Integration				Keyport		330	430		
Next Generation RIDC				Keyport		150	800		
CASS Platforms				Keyport		425	425		

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2003 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2002			C. Line No. & Item Description N/A Other Computer & Telecomm Support Equipment Total (Minor)				D. Activity Identification NUWC Division, NPT/KPT		
			FY 2001		FY 2002		FY 2003		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Other Computer/Telecomm Support Eqpt (Minor)	9		3,378	12		3,174	15		3,727
Narrative Justification: Projects between \$100K - \$499K									

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2003 President's Budget		
B. Component/Business Area/Date DON/R&D/NUWC/FEBRUARY 2002			C. Line No. & Item Description N/A Minor Construction				D. Activity Identification NUWC Division, NPT/KPT		
			FY 2001		FY 2002		FY 2003		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Minor Construction			1,302			1,825			1,385
Narrative Justification: <u>FY02</u> Waterfront Operations (Productivity) Correct Vehicular/Roadway Traffic Intersections (Productivity) Cable Carrying plant (Productivity) B128 Addition (Productivity) Demolition (Replacement) Command Office Alterations (Productivity) <u>FY03</u> Pedestrian Walkway Between 106 / 1346 (Productivity) Cable Carrying Plant (Productivity) Waterfront Ops. (Productivity) Correct Vehicular/Roadway Traffic Intersections (Productivity) LCSS Shop Alterations (Productivity) Magazine Storage Renovation (Environmental)									

Working Capital Fund Investment Summary
Department of the Navy
Research & Development
Naval Undersea Warfare Center
FY 2003 President's Budget February 2002
FY 2002
(\$ in Millions)

<u>Item #</u>	<u>Approved Project</u>	<u>Original Request</u>	<u>Change</u>	<u>Revised Request</u>	<u>Explanation</u>
ADP and TELCOM					
L231	Virtual Systems Design	1.674	.000	1.674	
L247	Integrated Display Center Upgrade	.125	.000	.125	
L258	Real-Time Information Transfer Network (RITN)	.250	.000	.250	
L263	Scientific Computational Resources Upgrade	1.149	.000	1.149	
L264	USW Testbed for Decision Support	1.247	.000	1.247	
L269	Common Product Development	1.165	.000	1.165	
					Project scopes/cost refined with 1 project funding partially shifted to FY02 from FY03, 1 Test Equipment project added, and 1 project moved to < \$500K
	ADP and TELCOM Major (\$500 - 999K)	1.475	.470	1.945	
	ADP and TELCOM Minor (>\$100K <\$500K)	3.089	.085	3.174	Project cost modified/updated
	ADP and TELCOM Subtotal	10.174	0.555	10.729	

Working Capital Fund Investment Summary
Department of the Navy
Research & Development
Naval Undersea Warfare Center
FY 2003 President's Budget February 2002
FY 2002
(\$ in Millions)

<u>Approved Project</u>		<u>Original Request</u>	<u>Change</u>	<u>Revised Request</u>	<u>Explanation</u>
Item #	Non-ADP Equipment				
L259	Fac for Analysis & Characterization of Transducers & Materials	.200	.000	.200	
L261	Littoral USW Facility	.662	.000	.662	
L262	USW Testing and Support Facility	.874	.000	.874	
L265	Undersea Weapons Consolidation	.350	-.350	.000	Project scope reduced and project moved to \$500K - \$999K
L266	UUV Testing	.435	-.035	.400	\$35K moved to FY03 portion of same project
L267	COTS Systems Support	.650	-.150	.500	Project scope reduced
L268	Environment Test & Evaluation	.675	-.675	.000	Project scope reduced and project moved to \$500K - \$999K
	Non-ADP Equipment Major (\$500 - 999K)	2.345	-.475	1.870	2 Projects moved from >\$1M line items, project scopes/cost refined with 1 project moved to < \$500K
	Misc Non-ADP Equipment (>\$100K<\$500K)	2.160	.780	2.940	Project scopes/cost refined with 1 project funding partially shifted to FY02 from FY03, 2 Test Equipment projects added, and 1 project moved from >\$500K
	Non-ADP Equipment Subtotal	8.351	-0.905	7.446	

Working Capital Fund Investment Summary
Department of the Navy
Research & Development
Naval Undersea Warfare Center
FY 2003 President's Budget February 2002
FY 2002
(\$ in Millions)

<u>Item #</u>	<u>Approved Project</u>	<u>Original Request</u>	<u>Change</u>	<u>Revised Request</u>	<u>Explanation</u>
<hr/>					
Item #	Software				
			0.000		
	Software Subtotal	.000	0.000	.000	
<hr/>					
<hr/>					
Item #	Minor Construction				
	Misc Minor Construction	1.475	.350	1.825	
	Minor Construction Subtotal	1.475	.350	1.825	1 Add'l project added for Quality of Life & Productivity
<hr/>					
Total NUWC FY02		20.000	0.000	20.000	

Spawar Systems Center

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
FY 2003 PRESIDENT'S BUDGET
ACTIVITY GROUP: RESEARCH AND DEVELOPMENT
SUB-ACTIVITY GROUP: SPAWAR SYSTEMS CENTERS**

Activity Group Function:

The Space and Naval Warfare Systems Centers (SSC's) are the Navy's full spectrum research, development, test and evaluation, engineering, and fleet support centers for command, control, and communication systems and ocean surveillance and the integration of those systems which overarch multiplatforms. The SSC's support the Fleet in mission and capability by providing capable and ready command and control systems for the Navy. The SSC's provide the innovative scientific and technical expertise, facilities, and understanding of defense requirements necessary to ensure that the Navy can develop, acquire, and maintain the warfare systems needed to meet requirements at an acceptable price. The SSC's also provide engineering and fleet support for assigned systems to maintain the Fleet's warfighting capability. The SSC's:

1. Provide warfare systems analysis.
2. Plan and conduct effective technology programs.
3. Provide cost conscious systems engineering and technical support to program managers in all phases of systems development and acquisition.
4. Provide test and evaluation support including RDT&E and measurement facilities.
5. Provide technical input to the development of operational tactics.
6. Provide electronics material support (technical and management) for systems and equipment under SPAWAR's cognizance.
7. Provide specialized technical support to the Fleet for quick-reaction requirements.

Activity Group Composition:

The SSC's primary locations are in San Diego, CA and Charleston, SC. This organizational structure best facilitates the entire cycle of systems engineering from research and development through waterfront support. SSC San Diego has its headquarters in San Diego, CA with detachments in Philadelphia, PA; Pearl Harbor, HI; Guam; and Japan. SSC Charleston has its headquarters in Charleston, SC with detachments in Norfolk, VA; Washington, DC; Pensacola, FL; and Jacksonville, FL.

Significant Changes since FY 2002 President's Budget:

Fiscal Year 2002 has had adjustments made to reflect the residual accounting for the SPAWAR Information Technology Center (SITC), formerly referred to as NRISO, at SSC Charleston. The

Industrial Fund Accounting System was shut down on 1 October 2001. With the closure of the NWCF at the SITC as of the same date, it was determined that SSC Charleston would provide the service to the SITC and maintain the records until the liquidation of the residual accounts was complete.

Financial Profile:

	(Millions \$)		
	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Revenue	1,732.3	1,737.8	1,746.5
Costs of Goods Sold	1,734.2	1,753.5	1,791.1
Other Appropriations Affecting NOR			29.5
Net Operating Results	-1.9	-15.6	-15.1
Transfers of AOR and Other Adjustments	4.6	3.1	0
Accumulated Operating Results	27.6	15.1	0

Revenue

The revenue increase from FY 2001 to FY 2002 represents pricing adjustments, partially offset by a workload decrease due to lower customer orders, savings from Commercial Activities studies and Capital Purchases Program (CPP) acquisitions, and other efforts to reduce overhead costs. The increase from FY 2002 to FY 2003 represents a workload increase, savings from Commercial Activities studies and CPP acquisitions, and other efforts to reduce overhead costs, offset by pricing adjustments.

Costs of Goods Sold

The cost increase from FY 2001 to FY 2002 represents pricing adjustments and increased costs associated with the residual accounts, which are then partially offset by a workload decrease due to lower customer orders, savings from Commercial Activities studies and CPP acquisitions, and other efforts to reduce overhead costs. The increase from FY 2002 to FY 2003 is the net effect of a workload increase, savings from Commercial Activities studies and CPP acquisitions, other efforts to reduce overhead costs, and pricing adjustments.

Operating Results

The changes in Net Operating Results (NOR) from year to year are primarily due to differences in the level of prior year results to be made up by each year's rates. FY 2002 rates were set based on the \$14.6 million AOR profit projected for the end of FY 2001 in the FY 2002 President's Budget.

Direct Appropriation Including FEHB/CSRS Accruals in FY 2003

To improve the accounting for and make the cost of government programs more visible to the American people, the Administration is proposing to align the full annual budgetary costs of resources used by programs with the budget accounts that fund the programs. To that end, the budget includes a request for a direct appropriation of \$373 million for the Navy Working Capital Fund (of which \$29.5 million is included in the SSC budget), to fund the full accruing cost of the Civil Service Retirement System and retire health benefits for civilian employees in the Federal Employee Health Benefit Program. Beginning with the FY 2004 Budget, these costs will be built-into the rates charged to Working Capital Fund customers. This proposal does not increase the total costs to the Federal government, since these costs were previously funded from a central account.

Cash Collections, Disbursements and Net Outlays:

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Collections	1,745.6	2,091.0	2,026.9
Disbursements	1,741.5	2,089.6	2,027.1
Net Outlays	(4.1)	(1.4)	0.2

Workload:

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Direct Labor Hours	6,363,175	6,537,533	6,434,842

	(Millions \$)		
	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Reimbursable Orders	2,054.6	1,777.7	1,684.5

Direct Labor Hours

The increased direct labor hours (DLHs) from FY 2001 to FY 2002 (+2.7%) is due to a shift in workload and reassignment of personnel. The increases are offset by VSIPs and RIFs at some of the former NCTC activities.

The decreased DLHs from FY 2002 to FY 2003 (-1.6%) is primarily due to a continued loss of work at the former NCTC NWCF sites as the Navy and Marine Corps Intranet contractor assumes responsibility.

Orders Received

Approximately 75% of the products and services provided by the SSC's are to Navy customers, with the balance provided almost totally to other DoD and Federal customers. By far the largest of the SSC's customers is SPAWAR. Other significant Navy customers include the Naval Sea Systems Command, Naval Air Systems Command, Office of the Chief of Naval Research, Commander in Chief – Pacific Fleet, and Commander in Chief – Atlantic Fleet. Significant other DoD customers include Defense Advance Research Projects Agency and Air Force and Army C4I organizations. The projected funding levels in FY 2001-2003 are based on SSC's program managers' discussions and planning efforts with major customers.

Performance Indicators:

The SSC's outputs are scientific and engineering designs, developments, tests, evaluations, analyses, installations and fleet support for systems in the SSC's assigned mission areas. The measure for these outputs is the direct labor hour worked for a customer. Customers are charged a predetermined stabilized billing rate per employee hour worked. The rate includes the salary and benefits costs of the performing employee (direct labor costs) and a share of the overhead costs of the SSC's, both general and administrative support unique production overhead costs of the performing employee's cost center. Non-labor, non-overhead costs, such as customer required material and equipment purchases, travel expenses, and contractual services, are charged to the customer on an actual cost reimbursable basis, and thus are not part of the SSC's stabilized pricing structure. The SSC's use total stabilized cost per direct labor hour as their performance criterion. The composite stabilized rate and the average total stabilized cost per direct labor hour (DLH) (unit cost) for the SSC's are discussed below.

Customer Rate Changes:

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Stabilized Rate	\$75.81	\$77.05	\$79.94
Change from Prior Year		1.6%	3.8%
Composite Rate Change		1.6%	2.2[31]%

Stabilized Rate

Changes in stabilized rates are the result of changes between years in DLHs, stabilized (rather than total) costs, and AOR recovery factors in the budgets on which each year's rates are set.

From FY 2002 to FY 2003, the stabilized rate increases by \$2.89 (3.8%), primarily due to a changes in the AOR recoupment factor and the expected level of reimbursable contract efforts. Direct labor costs per hour increase due to standard pay raise guidance.

Unit Costs:

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Total Stabilized Cost (\$M)	498.9	518.4	556.9
Workload (DLH)	6,363,175	6,537,533	6,434,842
Unit Cost (per DLH)	\$78.40	\$79.29	\$86.55

Total Stabilized Costs

The changes in stabilized costs from FY 2001 to FY 2002 and from FY 2002 to FY 2003 represent pricing adjustments offset by changes in direct labor hours and CPP and other savings.

Unit Cost

The changes in unit cost (total stabilized cost per direct labor hour) from year to year are due to changes in total stabilized costs relative to changes in DLHs. As total stabilized costs increase by 3.9% from FY 2001 to FY 2002, the 2.7% increase in DLHs results in a 1.2% increase in the unit cost. As total stabilized costs increase by 7.4% from FY 2002 to FY 2003, the 1.6% decrease in DLHs results in a 9.1% increase in the unit cost.

Staffing:

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Civilian End Strength	5,548	5,589	5,501
Civilian Work Years	5,590	5,549	5,459
Military End Strength	82	111	111
Military Work Years	89	94	94

Civilian Personnel

Civilian workyear decreases between FY 2001 and FY 2002 reflect personnel efficiencies from the Enterprise Resources Planning (ERP) Program (-16), capital investments (-2), Commercial Activities studies (-3), Business Process Re-engineering (BPR) efforts (-31), partially offset by other workload adjustments (+11).

Civilian workyear reductions between FY 2002 and FY 2003 reflect further personnel efficiencies from ERP (-6), other capital investments (-1), Commercial Activities studies (-9), BPR efforts (-8) and workload reductions generated by the loss of NMCI like work (-72), partially offset by a shift of technical personnel to direct as a result of BPR efforts (+6).

Military Personnel

FY 2001 military end strength and work year levels reflect actual levels. The FY 2002 and FY 2003 end strengths represent projected on-board levels based on the most recent military authorizations. Military labor cost reimbursements have been reflected in the budget based on civilian equivalent rates. The FY 2002 reimbursement is fixed based on the FY 2002 President's Budget. Workyears are phased to reflect the timing of expected accessions and separations during the year.

Headquarters Cost:

	(Millions \$)		
	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Cost of Management Headquarters	0.6	0.7	0.7

This reflects only the costs of those SPAWAR headquarters elements directly supporting the SSC's.

Capital Budget Authority:

	(Millions \$)		
	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Equipment-Non ADPE/Telecom	1.247	0.000	0.500
ADPE/Telecom Equipment	1.367	1.978	1.331
Software Development	14.357	6.127	5.611
<u>Minor Construction</u>	<u>.505</u>	<u>1.490</u>	<u>3.246</u>
TOTAL	17.476	9.595	10.688

The SSC's spend approximately one to two percent of revenues on capital investments. This represents a modest investment to maintain technically efficient capabilities to support the Fleet and other Navy and Defense customers in their requirements. While not the primary reason for the capital investments, it should be noted that the SSC's Capital Purchases Program (CPP) investments will result in incremental annual savings of \$9.6 million and 18 workyears in FY 2002 and an additional \$1.4 million and 7 workyears in FY 2003. The majority of SSC's CPP investments are purchased to provide technical capabilities so that the SSC's can meet their customer requirements. These CPP investments also allow SSC's to perform its assigned mission at a lower cost to customers than would otherwise be possible, but the driving reason for buying these items is for the SSC's to have the ability to meet their technical customer requirements.

Economies and Efficiencies:

Cost estimates include savings from Commercial Activities studies, Business Process re-engineering (BPR) effort and productivity improvements from CPP projects. The table below summarizes the incremental savings included in the budget to be achieved each year from these specific initiatives.

<u>Initiative</u>	<u>FY 2002</u>			<u>FY 2003</u>		
	<u>E/S</u>	<u>W/Y</u>	<u>\$M</u>	<u>E/S</u>	<u>W/Y</u>	<u>\$M</u>
Commercial Activities	3	3	-1.5	9	9	3.5
BPR	31	31	2.3	8	8	1.0
CPP	<u>18</u>	<u>18</u>	<u>9.6</u>	<u>7</u>	<u>7</u>	<u>1.4</u>
Total	52	52	10.4	24	24	5.9

SPAWAR System Centers - Carryover Reconciliation

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Gross carryover	951.5	991.3	929.4
Less Work-In-Process	(77.0)	(74.7)	(75.0)
Less FMS	(20.0)	(16.0)	(10.7)
Less BRAC	(1.7)	(0.9)	(1.2)
Less Other Fed	(55.6)	(50.2)	(51.3)
Less Non-Fed	(2.3)	(3.4)	(4.0)
<u>Less Contractual Liabilities</u>	<u>(426.5)</u>	<u>(468.1)</u>	<u>(403.3)</u>
Net Carryover	368.4	378.1	383.9
Months	2.5	2.6	2.6

INDUSTRIAL BUDGET INFORMATION SYSTEM (NIFRPT)
 REVENUE and EXPENSES
 AMOUNT IN MILLIONS
 SPAWAR / TOTAL

PAGE 1

	FY 2001 CON	FY 2002 CON	FY 2003 CON
Revenue:			
Gross Sales			
Operations	1,724.3	1,729.7	1,736.1
Surcharges	.0	.0	.0
Depreciation excluding Major Constructio	8.0	8.1	10.4
Other Income			
Total Income	1,732.3	1,737.8	1,746.5
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	5.0	7.1	6.9
Civilian Personnel	467.1	495.1	527.9
Travel and Transportation of Personnel	30.7	37.1	37.7
Material & Supplies (Internal Operations	141.7	119.4	121.1
Equipment	52.9	40.2	41.0
Other Purchases from NWCF	74.6	74.8	75.5
Transportation of Things	7.6	8.1	8.2
Depreciation - Capital	8.0	8.1	10.4
Printing and Reproduction	1.2	1.6	1.7
Advisory and Assistance Services	6.4	6.7	6.7
Rent, Communication & Utilities	23.9	29.2	29.1
Other Purchased Services	976.2	924.2	925.5
Total Expenses	1,795.4	1,751.5	1,791.7
Work in Process Adjustment	-60.4	2.4	-.3
Comp Work for Activity Reten Adjustment	-.8	-.4	-.3
Cost of Goods Sold	1,734.2	1,753.5	1,791.1
Operating Result	-1.9	-15.6	-44.6
Less Surcharges	.0	.0	.0
Plus Appropriations Affecting NOR/AOR	.0	.0	29.5
Other Changes Affecting NOR/AOR	.0	.0	.0
Extraordinary Expenses Unmatched	-1.3	.0	.0
Net Operating Result	-3.2	-15.6	-15.1
Other Changes Affecting AOR	6.0	3.1	.0
Accumulated Operating Result	27.6	15.1	.0

INDUSTRIAL BUDGET INFORMATION SYSTEM
 SPAWAR / TOTAL
 SOURCE of REVENUE
 AMOUNT IN MILLIONS

(R_FUND11)

PAGE: 1

	FY 2001 CON -----	FY 2002 CON -----	FY 2003 CON -----
1. New Orders	2,054	1,777	1,684
a. Orders from DoD Components	1,765	1,567	1,472
Department of the Navy	1,261	1,032	963
O & M, Navy	337	269	260
O & M, Marine Corps	15	7	7
O & M, Navy Reserve	4	1	2
O & M, Marine Corp Reserve	0	0	0
Aircraft Procurement, Navy	14	1	1
Weapons Procurement, Navy	0	10	8
Ammunition Procurement, Navy/MC	0	0	0
Shipbuilding & Conversion, Navy	70	75	65
Other Procurement, Navy	571	464	432
Procurement, Marine Corps	16	10	13
Family Housing, Navy/MC	0	0	0
Research, Dev., Test, & Eval., Navy	227	178	166
Military Construction, Navy	0	0	0
Other Navy Appropriations	2	12	7
Other Marine Corps Appropriations	0	0	0
Department of the Army	38	27	21
Army Operation & Maintenance	25	11	11
Army Res, Dev, Test, Eval	6	7	7
Army Procurement	7	8	3
Army Other	0	0	0
Department of the Air Force	62	91	94
Air Force Operation & Maintenance	17	35	40
Air Force Res, Dev, Test, Eval	36	41	38
Air Force Procurement	7	14	14
Air Force Other	0	0	0
DOD Appropriation Accounts	403	416	391
Base Closure & Realignment	0	0	0
Operation & Maintenance Accounts	32	28	25
Res, Dev, Test & Eval Accounts	314	352	343
Procurement Accounts	42	25	14
DOD Other	13	9	8
b. Orders from other WCF Activity Groups	174	112	119
c. Total DoD	1,940	1,680	1,591
d. Other Orders	114	96	92
Other Federal Agencies	84	52	53
Foreign Military Sales	22	29	24
Non Federal Agencies	7	15	14
2. Carry-In Orders	629	951	991
3. Total Gross Orders	2,683	2,729	2,675
a. Funded Carry-Over	951	991	929
b. Total Gross Sales	1,732	1,737	1,746
4. Revenue (-)	-1,732	-1,737	-1,746
5. End of Year Work-In-Process (-)	-77	-74	-74
6. Direct Contract Obligations(-)	-426	-468	-403
7. Non-DoD, BRAC, FMS, DWCF Orders (-)	-79	-70	-67
8. Net Funded Carryover	368	378	383
9. Months of Carryover	2.5	2.6	2.6

CHANGES IN THE COST OF OPERATIONS
 SUB-ACTIVITY GROUP: SPAWAR/SPAWAR SYSTEMS CENTERS (SSC'S)
 (Dollars in Millions)
 FY2003 PRESIDENT'S BUDGET

	<u>EXPENSES</u> (DBC 4900)
FY 2001 Actual	1,795.4
FY 2002 Estimate in the President's Budget:	1,284.7
<u>Price Changes:</u>	
Labor repricing (locality and payraise increases greater than budgeted.	3.2
<u>Productivity Initiatives and Other Efficiencies:</u>	
Rescheduling of Strategic Sourcing later than planned	2.8
<u>Program Changes:</u>	
Direct contracts and material increase (no NOR impact)	477.6
Reduction in Fleet Implementation workload	-19.1
Maintenance & security contract costs increasing above the rate of inflation	1.9
Change in VSIP/Severance due to NMCI	2.1
Electricity conservation	-1.1
Depreciation decrease	-0.6
FY 2002 Current Estimate	1,751.5

CHANGES IN THE COST OF OPERATIONS
 SUB-ACTIVITY GROUP: SPAWAR/SPAWAR SYSTEMS CENTERS (SSC'S)
 (Dollars in Millions)
 FY2003 PRESIDENT'S BUDGET

	<u>EXPENSES</u> (DBC 4900)
FY 2002 Current Estimate	1,751.5
<u>Price Changes:</u>	
Civilian Personnel	18.8
FEHB / CSRS	29.5
Military Personnel	0.2
Materials and Supplies	
Fuel	0.0
All Other	3.1
WCF Price Changes	2.4
Contracts & All Other Purchases	12.9
<u>Productivity Initiatives and Other Efficiencies:</u>	
Capital Purchases Program (CPP) savings (excluding ERP)	-0.6
CA Study Savings	-3.5
BPR Savings	-1.0
Installation Contract Re-engineering Savings	-2.4
ERP savings	-0.8
<u>Program Changes:</u>	
Direct workyear reductions	-7.2
Direct contracts & material decrease	-8.9
VSIP/Severance decrease after NMCI related workload reductions in FY 2002	-4.6
Depreciation increase	2.3
FY 2003 Current Estimate	1,791.7

Activity Group Capital Budget Summary
Department of the Navy
SPAWAR System Centers
FY03 PRESIDENT'S BUDGET

Line #	Item Description	FY 2001		FY 2002		FY 2003	
		Quant	Total Cost	Quant	Total Cost	Quant	Total Cost
L0001	1. Non-ADP Equipment		1.247		0.000		0.500
	Misc > \$100K, <\$1,000K		1.247				0.500
L0002	2. ADPE and telecommunications resources		1.367		1.978		1.331
	(a). Computer Hardware (Production)						
	(b). Computer Software (Operating System)						
	(c). Other ADPE and telecommunications resources		1.367		1.978		1.331
	Misc >\$100K, <\$1,000K		1.367		1.978		1.331
L0003 L0004	3. Software Development >= \$.100M		14.357		6.127		5.611
	Enterprise Resource Planning (ERP) San Diego		14.357		5.677		5.161
	Misc >\$100K, <\$500K				0.450		0.450
L0005	4. Minor Construction (>= \$.100M and < \$.500M)		0.505		1.490		3.246
	Misc Minor Construction		0.505		1.490		3.246
	Grand Total		17.476		9.595		10.688

Exhibit Fund-9A Capital Investment Summary

ACTIVITY GROUP CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. FY 2003 President's Budget					
B. Navy/Research and Development/Space and Naval Warfare Systems Centers (SSC's)				C. L0001 - Miscellaneous Non-ADPE (>=\$100,000 & < \$1,000,000) Purchase Category: Non-ADPE Depreciation Expense Funded By: G&A and Service Center						D. SSC San Diego		
	FY2000			FY 2001			FY 2002			FY 2003		
Element of Cost				Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Equipment				1		993				1		500
Installation						254						
Construction												
Design												
TOTAL						1247						500
<p>Justification:</p> <p>This category includes 3 projects.</p> <p>In FY2001:</p> <p>The Intrusion Detection System hardware, building materials and labor for installation corrects physical deficiencies in approximately 112 open storage strong rooms.</p> <p>These open storage areas do not currently meet structural requirements of SECNAVINST 5510.36.</p> <p>The equipment will provide intrusion detection and add additional structural integrity to the areas.</p> <p>The Wafer Surface Conditioning System is required to replace an aged wafer surface conditioning system that is becoming too costly to maintain, falling behind required technology, and is having a detrimental impact on production and quality.</p> <p>In FY2003, the Silicon Wafer Scrubber is required by the Solid State Electronics Service Center for silicon integrated circuit production at the SPAWAR Systems Center, San Diego (SSC SD) Integrated Circuit Fabrication Facility (ICFF.) This will allow the Center to keep pace with state-of-the-art processing capabilities and increasing quality requirements and to fabricate the custom integrated circuits required by the sponsors.</p>												

ACTIVITY GROUP CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)							A. FY 2003 President's Budget					
B. Navy/Research and Development/Space and Naval Warfare Systems Centers (SSC's)				A. Title: L0003 - ERP System Software Development C. Purchase Category: Software Depreciation Expense Funded By: G&A						D. SSC San Diego		
				FY2001			FY 2002			FY 2003		
Element of Cost				Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Equipment						750			750			500
Installation						4,559						500
Testing						5,000			927			1,000
Configuration						4,048			4,000			3,161
TOTAL						14,357			5,677			5,161
Justification: An Enterprise Resource Planning (ERP) Software System is required to reduce the number of software applications and systems currently in use and their higher operating costs. SPAWAR System Center, San Diego (SSC SD) has been tasked by Commercial Business Practice Executive Steering Group, chaired by the Commander, Naval Air Systems Command to perform the Warfare Center Management Business Case Study for feasibility of implementing best commercial practice for Naval Working Capital Fund (NWCf) activities. The intent was to implement the program at SSC SD and to all NWCf activities as cost/savings warranted. The effort will address the full set of NWCf business processes and result in the elimination of a significant number of legacy business applications. A newly designed interface to the Defense Finance and Accounting Service Center corporate database will be implemented, thus eliminating the use of the Defense Financial Information Management System for NWCf finances. Also included will be the design and implementation of a new interface for financial information and the Department of Navy's budget execution system for the NWCf. Additional cost in FY 03 will address the completion of Activity Based Costing functionality, establishing a Business Warehouse to support budgeting and business planning, and the incorporation of any required USSGL updates. The work in these areas has expanded due to external changes in direction and new requirements not defined at the inception of this effort. Completion of these capabilities will be critical to completion of the overall ERP capability for NWCf.												

CAPITAL BUDGET EXECUTION

BSO: SPAWAR

ACTIVITY GROUP: SPAWAR SYSTEMS CENTER

FY 2003 PRESIDENT'S BUDGET FEBRUARY 2002

PROJECTS IN THE FY 2002 PRESIDENT'S BUDGET

(Dollars in Millions)

<u>FY 2002</u>	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
Equip. (Non-ADPE)	0.000	0.000	0.000	0.000	0.000	
Equip. (ADPE)	1.978	0.000	1.978	1.978	0.000	
Software Development	6.127	0.000	6.127	6.127	0.000	
Minor Construction	1.490	0.000	1.490	1.490	0.000	
Total FY00	9.595	0.000	9.595	9.595	0.000	
Non-ADP Equipment	-	-	-	-	0.000	No Change
ADPE and telecommunications resources	1.978		1.978	1.978	0.000	No Change
Miscellaneous ADPE	1.978	0.000	1.978	1.978	0.000	
Software Development >= \$.100M	6.127	-	6.127	6.127	0.000	No Change
Enterprise Resource Planning	5.677	-	5.677	5.677	0.000	
Standard Procurement System	0.450	-	0.450	0.450	0.000	
Minor Construction (>= \$.100M and < \$.500M)	1.490	-	1.490	1.490	0.000	No change
Miscellaneous Minor Consttuction	1.490	-	1.490	1.490	0.000	

Naval Research Laboratory

**NAVY WORKING CAPITAL FUND NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT/NAVAL RESEARCH LABORATORY
FY 2003 PRESIDENT'S BUDGET SUBMISSION**

Activity Group Function

The Naval Research Laboratory (NRL) operates as the Navy's full-spectrum corporate laboratory, conducting a broadly based multidisciplinary program of scientific research and advanced technological development directed toward maritime applications of new and improved materials, techniques, equipment, systems and ocean, atmospheric, and space sciences and related technologies. In fulfillment of this mission, NRL:

- a. Initiates and conducts broad scientific research of a basic and long-range nature in scientific areas of interest to the Navy.
- b. Conducts exploratory and advanced technological development deriving from or appropriate to the scientific program areas.
- c. Within areas of technological expertise, develops prototype systems applicable to specific projects.
- d. Assumes responsibility as the Navy's principal R&D activity in areas of unique professional competence upon designation from appropriate Navy or DoD authority.
- e. Performs scientific research and development for other Navy activities and, where specifically qualified, for other agencies of the Department of Defense and, in defense-related efforts, for other Government agencies.
- f. Serves as the lead Navy activity for space technology and space systems development and support.
- g. Serves as the lead Navy activity for mapping, charting, and geodesy (MC&G) research and development for the National Imagery and Mapping Agency.

NRL, the Navy's single, integrated corporate laboratory, provides the Navy with a broad foundation of in-house expertise from scientific through advanced development activity. Specific leadership responsibilities are assigned in the following areas:

- a. Primary in-house research in the physical, engineering, space, and environmental sciences.
- b. Broadly based exploratory and advanced development program in response to identified and anticipated Navy and Marine Corps needs.

- c. Broad multidisciplinary support to the Naval Warfare Centers.
- d. Space and space systems technology development and support.

Activity Group Composition

In addition to its Washington, D.C. campus of about 131 acres and 100 main buildings, NRL maintains 14 other research sites, including a vessel for fire research and a Flight Support Detachment. The many diverse scientific and technological research and support facilities include the large facility located at the Stennis Space Center in Bay St. Louis, Mississippi; a facility at the Naval Support Activity, Monterey Bay Monterey, California; the Chesapeake Bay Detachment in Maryland; and additional sites located in Maryland, Virginia, Alabama, and Florida.

The Flight Support Detachment, located aboard the Patuxent River Naval Air Station in Lexington Park, Maryland, operates and maintains five uniquely configured P-3 Orion turboprop aircraft as airborne research platforms for worldwide scientific research operations.

The Chesapeake Bay Detachment occupies a 157-acre site near Chesapeake Beach, Maryland, and provides facilities and support services for research in radar, electronic warfare, optical devices, materials, communications, and fire research. Because of its location high above the Chesapeake Bay on the western shore, unique experiments can be performed in conjunction with the Tilghman Island site 16 km across the bay.

The NRL Stennis Space Center (NRL-SSC) is a tenant activity at NASA's Stennis Space Center. Other Navy tenants at the Stennis Space Center include the Naval Meteorology and Oceanography Command and the Naval Oceanographic Office, who are major operational users of the oceanographic and atmospheric research and development performed by the NRL. This unique concentration of operational and research oceanographies makes NRL-SSC the center of naval oceanography and the largest such grouping in the Western world.

The Marine Meteorology Division at Monterey, California, a tenant activity of the Naval Support Activity, Monterey Bay, is collocated with the Fleet Numerical Meteorology and Oceanography Center to support development of numerical atmospheric prediction systems and related user products. This collocation allows easy access to a large vector classified supercomputer mainframe, providing real time as well as archived global atmospheric and oceanographic databases for research at Monterey and at other NRL locations.

<u>Accumulated Operating Results</u>	(Dollars in Millions)		
	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Revenue	513.1	546.6	559.7
Cost of Goods Sold	529.0	553.3	578.3
Other Appropriations Affecting NOR	<u>0.0</u>	<u>0.0</u>	<u>14.1</u>
Net Operating Results	-15.9	-6.7	-4.5
CPP Surcharges	0.0	0.0	-4.8
Extraordinary Expense	1.5	0.0	0.0
Previous Year AOR Balance	<u>30.4</u>	<u>16.0</u>	<u>9.3</u>
Accumulated Operating Results	16.0	9.3	0.0

The favorable Accumulated Operating Results (AOR) reflect additional economies and efficiencies effected throughout NRL. FY 2003 rates will be established to achieve an end-of-year AOR of zero in FY 2003.

<u>Funding</u>	(Dollars in Millions)		
	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Reimbursable Orders	540.8	534.5	547.3

Major NRL customers include the Office of Naval Research, the Naval Sea Systems Command, the Naval Air Systems Command, the Space and Naval Warfare Systems Command, the Ballistic Missile Defense Office, the Defense Advanced Research Projects Agency, Naval Warfare Centers, the Army, the Air Force, other Navy and Department of Defense customers, the Department of Energy, and the National Aeronautics and Space Administration.

<u>Costs</u>	(Dollars in Millions)		
	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Direct Costs	396.0	420.3	440.2
Indirect Costs	<u>133.0</u>	<u>133.0</u>	<u>138.1</u>
Total Costs	529.0	553.3	578.3

Direct costs are relatively steady throughout the budget years. The FY 2002 estimate reflects \$2.3M of potential savings associated with the Strategic Sourcing Plan. Additional savings of \$2.7M are included in FY 2003. To improve the accounting for and make the cost of government programs more visible to the American people, the Administration is proposing to align the full annual budgetary costs of resources used by programs with the budget accounts that fund the programs. To that end, the budget includes a request for a direct appropriation of \$373 million for the Navy Working Capital Fund (of which \$14.1 million is included in the NRL budget), to fund the full accruing cost of the Civil Service Retirement System and retire health benefits for civilian employees in the Federal Employee Health Benefit Program. Beginning with the FY 2004 Budget, these costs will be built-into the rates charged to Working Capital Fund

customers. This proposal does not increase the total costs to the Federal government, since these costs were previously funded from a central account.

Direct Appropriation including FEHB/CSRS accruals in FY 2003

(Dollars in Millions)

FY 2003

FEHB/CSRS Direct Appropriation 14.1

Cash Collections, Disbursements and Net Outlay

(Dollars in Millions)

FY 2001 **FY 2002** **FY 2003**

Collections	517.6	538.9	573.8
Disbursements	<u>535.5</u>	<u>568.0</u>	<u>587.4</u>
Net Outlay	-17.9	-29.1	-13.6

The cash net outlay represents the impact of NOR and changes in liabilities accounts.

Capital Purchase Program (CPP)

(Dollars in Millions)

FY 2001 **FY 2002** **FY 2003**

Equipment-Non ADPE/ TELECOM	10.6	12.0	10.7
ADPE/Telecommunications Equipment/Software	4.8	3.7	4.5
Software Development	0.2	0.0	0.0
Minor Construction	2.2	1.6	2.1
 TOTAL	 <u>17.8</u>	 <u>17.3</u>	 <u>17.3</u>

This CPP plan provides a modest investment level that allows NRL to acquire needed technology to maintain a state-of-the-art facility to fulfill science and technology mission areas supporting the DoN, DoD, and related customer programs.

Civilian Personnel

FTEs

FY 2001 **FY 2002** **FY 2003**

Current Submission	<u>2,573</u>	<u>2,594</u>	<u>2,567</u>
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End-Strength

Current Submission	<u>2,653</u>	<u>2,626</u>	<u>2,626</u>
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Civilian strength levels, measured by both end strength and full-time equivalents, are reduced from the FY 2002 President's Budget levels primarily reflecting overhead efficiencies resulting from Strategic Sourcing.

Military Personnel

Military personnel levels will remain constant at 14 officers and 69 enlisted for a total of 83 billets.

Workload, Direct Labor Hours

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Current Submission	<u>3,068,948</u>	<u>3,103,234</u>	<u>3,111,954</u>

A conservative and steady workforce profile is projected for FY 2002 and FY 2003 and is consistent with customer funding plans.

Customer Rate Changes

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Stabilized Customer Rate	\$87.85	\$96.52	\$101.43
Stabilized Rate Change	-2.01%	+9.87%	+5.08%
Composite Customer Rate Change	-0.27%	+6.05%	+3.39%

The Stabilized Customer Billing Rate consists of direct labor and applied overhead. Unique direct non-labor costs are billed on a reimbursable basis to the benefitting/ requiring customer. The Composite Customer Rate Change incorporates both the stabilized costs and the reimbursable costs. The FY 2002 rate change reflects an increase from the previous year due to the fact that the FY 2001 rates were unusually low. Those rates contained a negative AOR factor established to bring accumulated profit to zero.

Unit Costs

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Current Submission	\$95.06	\$97.35	\$104.03

The Unit Cost is a measurement of total direct labor and overhead costs per direct labor hour. The change in cost per direct labor hour for FY 2002 and FY 2003 primarily reflects increases for annual inflation/price changes from year to year. The Unit Costs for FY 2002 and FY 2003 are partially offset by overhead cost reductions and efficiencies. FY 2003 unit costs include \$4.54 to fully fund the government's share of civilian employee health and retirement benefits.

Activity Group - Carryover Reconciliation

	(Dollars in Millions)		
	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Gross Carryover	153.0	140.9	128.5
Less Work In Process	1.4	1.4	1.4
Less Foreign Military Sales	0.6	0.6	0.6
Less BRAC	0.0	0.0	0.0
Less Other Federal Sources	34.5	29.9	25.8
Less Non-Federal Sources	1.9	1.8	1.4
<u>Less Contractual Liabilities</u>	<u>52.5</u>	<u>57.3</u>	<u>51.7</u>
Net Carryover	62.1	49.9	47.6
Months	1.4	1.0	1.0

INDUSTRIAL BUDGET INFORMATION SYSTEM
REVENUE and EXPENSES
AMOUNT IN MILLIONS
RES LABS / TOTAL

(NIFRPT)

PAGE 1

	FY 2001 CON	FY 2002 CON	FY 2003 CON
Revenue:			
Gross Sales			
Operations	502.0	534.6	542.4
Surcharges	.0	.0	4.8
Depreciation excluding Major Constructio	11.1	12.0	12.5
Other Income			
Total Income	513.1	546.6	559.7
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	3.5	3.7	3.6
Civilian Personnel	224.9	236.7	256.6
Travel and Transportation of Personnel	9.1	8.4	8.6
Material & Supplies (Internal Operations	36.8	48.6	49.6
Equipment	25.6	28.7	29.2
Other Purchases from NWCF	14.1	14.8	15.5
Transportation of Things	1.5	.3	.3
Depreciation - Capital	11.1	12.0	12.5
Printing and Reproduction	.4	.5	.5
Advisory and Assistance Services	.0	.0	.0
Rent, Communication & Utilities	20.8	18.5	18.8
Other Purchased Services	180.2	181.2	183.3
Total Expenses	527.9	553.3	578.3
Work in Process Adjustment	1.1	.0	.0
Comp Work for Activity Reten Adjustment	.0	.0	.0
Cost of Goods Sold	529.0	553.3	578.3
Operating Result	-15.9	-6.7	-18.7
Less Surcharges	.0	.0	.0
Plus Appropriations Affecting NOR/AOR	.0	.0	14.1
Other Changes Affecting NOR/AOR	.0	.0	.0
Extraordinary Expenses Unmatched	1.6	.0	.0
Net Operating Result	-14.4	-6.7	-4.5
Other Changes Affecting AOR	.0	.0	-4.8
Accumulated Operating Result	16.0	9.3	.0

INDUSTRIAL BUDGET INFORMATION SYSTEM
RES LABS / TOTAL
SOURCE of REVENUE
AMOUNT IN MILLIONS

PAGE: 1

	FY 2001 CON -----	FY 2002 CON -----	FY 2003 CON -----
1. New Orders	540	534	547
a. Orders from DoD Components	444	449	459
Department of the Navy	333	333	334
O & M, Navy	20	19	16
O & M, Marine Corps	0	0	0
O & M, Navy Reserve	0	0	0
O & M, Marine Corp Reserve	0	0	0
Aircraft Porcurement, Navy	0	0	0
Weapons Procurement, Navy	0	0	0
Ammunition Procurement, Navy/MC	0	0	0
Shipbuilding & Conversion, Navy	1	2	2
Other Procurement, Navy	1	1	1
Procurement, Marine Corps	0	0	0
Family Housing, Navy/MC	0	0	0
Research, Dev., Test, & Eval., Navy	308	308	313
Military Construction, Navy	0	0	0
Other Navy Appropriations	0	0	0
Other Marine Corps Appropriations	0	0	0
Department of the Army	2	3	3
Army Operation & Maintenance	0	0	0
Army Res, Dev, Test, Eval	1	2	2
Army Procurement	0	0	0
Army Other	0	0	0
Department of the Air Force	56	58	60
Air Force Operation & Maintenance	0	0	0
Air Force Res, Dev, Test, Eval	37	39	40
Air Force Procurement	18	18	19
Air Force Other	0	0	0
DOD Appropriation Accounts	51	54	60
Base Closure & Realignment	0	0	0
Operation & Maintenance Accounts	1	1	1
Res, Dev, Test & Eval Accounts	48	52	59
Procurement Accounts	1	0	0
DOD Other	0	0	0
b. Orders from other WCF Activity Groups	9	11	11
c. Total DoD	454	461	471
d. Other Orders	86	73	75
Other Federal Agencies	81	67	70
Foreign Military Sales	0	1	1
Non Federal Agencies	4	4	4
2. Carry-In Orders	125	153	140
3. Total Gross Orders	666	687	688
a. Funded Carry-Over	153	140	128
b. Total Gross Sales	513	546	559
4. Revenue (-)	-513	-546	-559
5. End of Year Work-In-Process (-)	-1	-1	-1
6. Direct Contract Obligations(-)	-52	-57	-51
7. Non-DoD, BRAC, FMS, DWCF Orders (-)	-37	-32	-27
8. Net Funded Carryover	62	49	47
9. Months of Carryover	1.4	1.0	1.0

Exhibit Fund-11

Changes in the Cost of Operation
Activity Group: Research & Development
Sub-Activity Group: Naval Research Laboratory
FY 2003 President's Budget
Date: February 2002
(Dollars in Millions)

	Expenses

FY 2001 Actual:	527.9
FY 2002 Estimate in President's Budget:	568.4
Pricing Adjustments:	
Civilian Personnel	1.3
Non-labor	0.3
Program Changes:	
In-house Workforce Reduction	-7.0
Revised Direct Reimbursable Cost	-2.2
Non-Labor Overhead Cost Reductions	-6.4
Productivity Initiatives and Other Efficiencies:	
Strategic Sourcing Savings	-1.1
FY 2002 Estimate:	553.3
Pricing Adjustments:	
FY 2003 Pay Raise	
Civilian Personnel	5.0
Military Personnel	0.1
Annualization of Prior Year Pay Raise	3.1
FEHB/CSRS	14.1
General Purchase Inflation	4.3
Program Changes:	
Partial restaffing/rebuilding of In-house workforce	0.8
Non-Labor Overhead Cost Increases	0.3
Productivity Initiatives and Other Efficiencies:	
Strategic Sourcing Savings	-2.7
FY 2003 Estimate:	578.3

Activity Group: Research & Development
Sub Activity Group: Naval Research Laboratory
Date: February 2002
(Dollars in Millions)

Line No.	Item Description	FY 2001		FY 2002		FY 2003	
		Quant	Total Cost	Quant	Total Cost	Quant	Total Cost
	Non-ADP Equipment (>\$1M)						
1001	RCS Cleaning System	1	1.050				
1002	Ultra High Resolution E-Beam Lithography System	1	1.069				
1003	Focused Ion Beam Workstation					1	1.350
	Total Non-ADP Equipment (>\$1M)	2	2.119	0	0.000	1	1.350
2001	Total Non-ADP Equipment (\$500K-\$999K)	3	1.754	5	4.100	1	0.530
3001	Total Non-ADP Equipment (<\$500K)	33	6.740	30	7.916	35	8.851
	ADP Equipment (>\$1M)						
4001	High Performance Processor Upgrade			1	1.500		
	Total ADP Equipment (>\$1M)	0	0.000	1	1.500	0	0.000
5001	Total ADP Equipment (\$500K-\$999K)	1	0.509	0	0.000	1	0.600
6001	Total ADP Equipment (<\$500K)	17	4.271	10	2.184	13	3.890
7001	Software Development (<\$500K)	1	0.205				
	Total Software Development	1	0.205	0	0.000	0	0.000
8001	Total Minor Construction (≥\$500K <\$1M)	3	2.166	1	0.853	1	0.905
9001	Total Minor Construction (<\$500K)			2	0.747	3	1.174
	TOTAL CAPITAL PURCHASE PROGRAM	60	17.764	49	17.300	55	17.300

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)							A. Budget Submission FY 2003 PRESIDENT'S BUDGET					
B. Component/Activity Group/Date Department of the Navy Research and Development February 2002		C. Line No. & Item Description 1003. Focused Ion Beam Work Station					D. Activity Identification Naval Research Laboratory Washington, DC 20375					
	FY 2001			FY 2002			FY 2003					
Element of Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost
Non-ADP Equipment (≥\$1M)							1	1,350	1,350			
<p>Narrative Justification: {PRIVATE }</p> <p>This capital equipment purchase is to support the new Nanoscience Initiative established in FY 2000 to enable NRL to address the scientific opportunities at the nanometer (10-9 meter) scale. This is an essential new tool for that Initiative, since it will provide the ability to carryout nanomachining processes at a resolution of 7nm. The nanomachining process is essential for the following tasks:</p> <p>1) Fabrication of planar electronic circuit elements: One of the central tasks of the new Initiative is to fabricate prototype electronic devices with features <10 nm dimension. Since these are research devices, common mass production lithographic techniques and processing techniques are not suitable. This instrument permits one-of-a-kind prototype fabrication entirely under the control of the research scientist at very low cost.</p> <p>2) Preparation of cross-sectional samples for high-resolution transmission electron microscopy: All samples to be examined by this technique require cross-sectioning preparation in order to be sufficiently thin for electron transmission. Traditional cross-sectioning requires laborious grinding and polishing techniques, which often have to be individually developed for each new class of samples. Focused ion beam cross-sectioning, is a fast universal technique which has been recently developed. There is no other equipment that can perform this task successfully in a cost-effective manner.</p> <p>3) Nanomachining of etchant resistant materials (e.g. diamond) for nanomechanical electromechanical systems (NEMS). Nanomechanical electromechanical systems technology, is a major theme of the new Initiative. Its goal is to develop electrically driven machines at the atomic level. These machines must be fabricated from extremely strong, extremely hard materials, such as diamond. There is no other technique available to carry out this fabrication, on these materials.</p> <p>This tool cannot be replaced by any other and will be available for use 24 hours per day, 7 days per week to all authorized NRL personnel. The only alternatives are to abandon the mission's objectives, since the workstation will be employed as an integral component of the research and cannot be contracted out to commercial providers. Travel by NRL to another site would be cost prohibitive and would unacceptably impede the Laboratory's research programs, since its use is expected to be near capacity.</p>												

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)							A. Budget Submission FY 2003 PRESIDENT'S BUDGET							
B. Component/Activity Group/Date Department of the Navy Research and Development February 2002			C. Line No. & Item Description 2001. Total Non-ADP (≥\$500K <\$1M)				D. Activity Identification Naval Research Laboratory Washington, DC 20375							
	FY 2001			FY 2002			FY 2003							
Element of Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost		
Total Non-ADP (≥\$500K <\$1M)	3		1,754	5		4,100	1	530	530					
<p>Narrative Justification:</p> <table border="0"> <tr> <td style="vertical-align: top;"> <u>FY 2001</u> SAR Control and Acquisition Unit \$553,516 Robotics Laboratory Enhancements \$600,000 Scanning Electron Microscope \$600,000 <u>FY 2002</u> Programmable Radio Test Bed \$990,000 Ka Band Test Bed \$990,000 Tower Based Scanning Lidar System \$520,000 Far Field Range, Anechoic Chamber \$800,000 Pulsed Power Generator/High Voltage, Inductive Voltage Adder \$800,000 </td> <td style="vertical-align: top;"> <u>FY 2003</u> Real Time Ocean Environmental Measurement System \$530,000 </td> </tr> </table>													<u>FY 2001</u> SAR Control and Acquisition Unit \$553,516 Robotics Laboratory Enhancements \$600,000 Scanning Electron Microscope \$600,000 <u>FY 2002</u> Programmable Radio Test Bed \$990,000 Ka Band Test Bed \$990,000 Tower Based Scanning Lidar System \$520,000 Far Field Range, Anechoic Chamber \$800,000 Pulsed Power Generator/High Voltage, Inductive Voltage Adder \$800,000	<u>FY 2003</u> Real Time Ocean Environmental Measurement System \$530,000
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ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)							A. Budget Submission FY 2003 PRESIDENT'S BUDGET					
B. Component/Activity Group/Date Department of the Navy Research and Development February 2002		C. Line No. & Item Description 3001. Total Non-ADP (<\$500K)					D. Activity Identification Naval Research Laboratory Washington, DC 20375					
	FY 2001			FY 2002			FY 2003					
Element of Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost
Total Non-ADP (<\$500K)	33		6,740	30		7,916	35		8,851			
Narrative Justification: {PRIVATE }												

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)							A. Budget Submission FY 2003 PRESIDENT'S BUDGET					
B. Component/Activity Group/Date Department of the Navy Research and Development February 2002		C. Line No. & Item Description 4001. High Performance Processor Upgrade					D. Activity Identification Naval Research Laboratory Washington, DC 20375					
	FY 2001			FY 2002			FY 2003					
Element of Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost
ADP Equipment (≥\$1M)				1	1,500	1,500						
<p><u>Justification:</u> NRL's Silicon Graphics SN-1 supercomputer supports numerous high-end computer users within Navy and DoD. This machine is a massively-parallel computer designed to scale in performance with the addition of processors, memory and internal networks up to a maximum of 512 processors. Expansion is carried out by adding processor "bricks", each containing four processors, 4 Gbytes of memory and the necessary interconnect and control circuitry. In order to meet the continually expanding need for computing power for leading-edge researchers in the technical disciplines supported by NRL it is necessary to add "bricks" periodically. This procurement will acquire the additional 16 "bricks" (64 processors, 64 Gbytes of memory and interconnects) that will allow this machine to maintain its scientific utility.</p> <p>High-end computing assets are critical to advances in almost every scientific discipline. Users' needs far exceed the current capacity of DoD systems. To meet these requirements it is necessary to continually upgrade the highest-end systems to extend their useful life and provided needed capacity.</p> <p>This procurement will maintain NRL's shared computing assets at the leading edge to meet users' needs. This system serves more than 500 high-performance computer users in ONR/NRL conducting research in virtually every scientific discipline but with special emphasis on meteorology and oceanographics applications. The NRL R&D efforts in High Performance Computing are part of the broader DoD initiatives in networking, archiving, and distributed computing sponsored by DoD Research and Engineering.</p> <p>This super computer capability will be used by researchers from Navy, DARPA, and other DoD agencies, along with support staff from NRL.</p> <p>Other alternatives are not feasible.</p> <p>-Status Quo: Current computing assets are reaching the end of their life as leading-edge components. They do not meet the criteria for advancing the state-of-the-art or providing the underlying platform needed for R&D in this area.</p> <p>-Sharing: These assets will be shared among NRL and HPCMP users. Other assets are available in the HPCMP but are not at the leading edge. To fulfill our mission, these assets must be integrated into our existing high-end computing environment.</p> <p>-Leasing: Since these are leading-edge assets, the lease market is very small. Any lease that we enter will expect to cover the entire costs within a very short period of time. Further, to execute our long-range upgrade plans, manufacturer trade-ins are leveraged extensively. This would not be possible under a lease.</p>												

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)							A. Budget Submission FY 2003 PRESIDENT'S BUDGET					
B. Component/Activity Group/Date Department of the Navy Research and Development February 2002		C. Line No. & Item Description 5001. Total ADP (≥\$500K <\$1M)					D. Activity Identification Naval Research Laboratory Washington, DC 20375					
	FY 2001			FY 2002			FY 2003					
Element of Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost
Total ADP (≥\$500K <\$1M)	1	509	509				1	600	600			
Narrative Justification: <u>FY 2001</u> Geo-spatial Analysis Workstation Environment \$509,344 <u>FY 2003</u> High Productivity Spacecraft Design System \$600,000												

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)							A. Budget Submission FY 2003 PRESIDENT’S BUDGET					
B. Component/Activity Group/Date Department of the Navy Research and Development February 2002		C. Line No. & Item Description 6001. Total ADP (<\$500K)					D. Activity Identification Naval Research Laboratory Washington, DC 20375					
	FY 2001			FY 2002			FY 2003					
Element of Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost
Total ADP (<\$500K)	17		4,271	10		2,184	13		3,890			
Narrative Justification: {PRIVATE }												

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)							A. Budget Submission FY 2003 PRESIDENT'S BUDGET					
B. Component/Activity Group/Date Department of the Navy Research and Development February 2002			C. Line No. & Item Description 8001. Total Minor Construction (≥\$500K <\$1M)				D. Activity Identification Naval Research Laboratory Washington, DC 20375					
	FY 2001			FY 2002			FY 2003					
Element of Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost
Total Minor Construction (≥\$500K <\$1M)	3		2,166	1	853	853	1	905	905			
<p>Narrative Justification: {PRIVATE }</p> <p><u>FY 2001</u> Space System Development Labs \$755,630 Spacecraft Engineering Center \$596,141 Chilled Water Plant \$814,583</p> <p><u>FY 2002</u> RDT&E/Spacecraft Storage Mezzanine \$853,000</p> <p><u>FY 2003</u> Acoustic Tank SCIF and Secure High Bay Space \$905,000</p>												

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)							A. Budget Submission FY 2003 PRESIDENT'S BUDGET					
B. Component/Activity Group/Date Department of the Navy Research and Development February 2002		C. Line No. & Item Description 9001. Total Minor Construction (<\$500K)					D. Activity Identification Naval Research Laboratory Washington, DC 20375					
	FY 2001			FY 2002			FY 2003					
Element of Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost
Total Minor Construction (<\$500K)				2		747	3		1,174			
Narrative Justification:												

CAPITAL BUDGET EXECUTION
Department of the Navy - Navy Working Capital Fund
Activity Group: RESEARCH AND DEVELOPMENT/Sub Activity Group: NAVAL RESEARCH LABORATORY
FY 2002

FY 2003 President's Budget
February 2002

PROJECTS ON THE FY 2002 PRESIDENT'S BUDGET

		(Dollars in Millions)				
<u>FY</u>	<u>Approved Project</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Asset/ Deficiency</u>	<u>Explanation/ Reason for Change</u>
	Equipment except ADPE and TELECOM					
2002	Equipment except ADPE and TELECOM (≥\$500K <\$1M)	1.000	3.100	4.100	(1.000)	1/
2002	Equipment except ADPE and TELECOM (<\$500K)	(1.200)	9.116	7.916	1.200	2/
	Total Equipment except ADPE and TELECOM	(0.200)	12.216	12.016	0.200	
	Equipment - ADPE and TELECOM					
2002	Equipment - ADPE (≥\$500K <\$1M)		0.000	0.000		
2002	Equipment - ADPE (<\$500K)	0.200	1.984	2.184	(0.200)	2/
2002	High Performance Processor Upgrade		1.500	1.500		
	Total Equipment - ADPE and TELECOM	0.200	3.484	3.684	(0.200)	
	Software Development					
2002	Software Development (<\$500K)		0.000	0.000		
	Total - Software Development		0.000	0.000		
	Minor Construction					
2002	Minor Construction (≥\$500K <\$1M)		0.853	0.853		
2002	Minor Construction (<\$500K)		0.747	0.747		
	Total - Minor Construction		1.600	1.600		
	Total FY 2002 Capital Purchase Program	0.000	17.300	17.300	(0.000)	

1/ Canceled 40 Gb/s Communications Equipment (\$600K); additional 2 new projects.

2/ Canceled multiple projects to fund higher priorities.

Military Sealift Command

FY 2003 PLANNING BUDGET
Navy Working Capital Fund
Military Sealift Command
Congressional Submission

General Descriptions of Business Area: The Military Sealift Command (MSC) acts as the single manager-operating agency for sealift services. MSC operates under the Working Capital Fund (WCF) in two separate capacities. This submission addresses MSC's Navy mission funded by the Navy Working Capital Fund (NWCF). This mission provides support to the Fleet Commanders in Chief (FLTCINCs) and other DOD activities by servicing unique vessels and programs. The second mission, providing sealift support for DOD cargoes in peacetime, is through the Transportation Working Capital Fund (TWCF) under the auspices of the United States Transportation Command (USTRANSCOM).

Outputs and Customers through the NWCF: MSC supports the Commander in Chief, U.S. Pacific Fleet (CINCPACFLT), Commander in Chief, U.S. Atlantic Fleet (CINCLANTFLT), Commander, Naval Sea Systems Command (NAVSEA), Commander, Naval Meteorology & Oceanography Command (COMNAVMETOCOM), Commander, Space and Naval Warfare Systems Command (SPAWAR), Director, Strategic Systems Programs (DIRSSP), U.S. Air Force and National Defense Sealift Fund (NDSF) service requests with unique vessels and programs. The three programs budgeted through the Navy Working Capital Fund (NWCF) are:

1. Naval Fleet Auxiliary Force (NFAF) provides support utilizing civilian mariner manned non-combatant ships for material support.
2. Special Mission Ships (SMS) provides unique seagoing platforms.
3. Afloat Prepositioning Force - Navy (APF-N) forward deploys combatant material for strategic lifts.

Changes by Program from FY 2002 President's Budget:

NFAF:

FY 2002 PB to FY 2002 Congressional Estimate (CE): The second T-AOE will be turned over to MSC for operation. USNS KISKA (T-AE) goes from Reduced Operating Status (ROS) to Full Operating Status (FOS). Increase in civilian mariner (CIVMAR) salaries and wages due to consolidation of labor unions, will result in pay increases for East Coast unlicensed CIVMARS on a phased in basis. CIVMAR overtime is stable at a rate of 59% of base pay. Accelerated OPTEMPO in the Persian Gulf is reflected in higher fuel costs. Due to the age of the combat logistics fleet (CLF), maintenance and repair (M&R) continues to rise at a rate greater than inflation. CE also reflects additional reimbursable funding.

FY 2002 to FY 2003: The third of the T-AOEs will be turned over to MSC for operation during fourth quarter of FY03; second T-AOE will be operational for the full year.

FY 2003 PLANNING BUDGET
Navy Working Capital Fund
Military Sealift Command
Congressional Submission

SMS:

FY 2002PB to FY 2002CE: includes the activation of USNS IMPECCABLE originally budgeted for a FY 01 delivery. The MARY SEARS is still planned to come aboard during second quarter FY 2002, however, days have changed slightly since previous budget submission. Further, both direct expenses due to augments to the TAGOS and NAVO operating contracts and reimbursable funding increased.

FY 2002 versus FY 2003: This includes full year operations for the MARY SEARS. This also includes renewal of operating contracts for the TAGOS and NAVO ships. Additionally, M&R direct expense increases are attributed to growth in the scope of work on the USNS ZEUS and USNS WATERS.

APF-N:

FY 2002PB to FY 2002CE - USNS Wheat will come aboard third quarter vice full year operations.

FY 2002 to FY 2003 - Full year of operations for USNS Wheat.

ANALYSIS OF COST OF OPERATIONS (statistical): FY 2002 reflects a growth of \$120.4.6M over FY 2001 actual. This is partially due to an increase in workload such as the transfer of the first T-AOE 6 class vessels to MSC with full year operation starting in FY 2002. MSC also is taking delivery of a second T-AOE, a T-AGOS, a T-AGS and two MPF-Es. Other factors impacting costs include the combining of the two CIVMAR unions, hiring to ceiling, and a programmed one-time increase to capital hire for the MPSS. FY 2003 reflects a growth of \$91.8M. The increase reflects full year operation of the above vessels, the transfer of a third T-AOE, as well as, the addition of costs associated with retiree health and retirement benefits. This initiative makes the cost of government programs more visible. The Administration is proposing to align the full annual budgetary costs of resources used by programs with the budget accounts that fund the programs. To that end, the budget includes a request for a direct appropriation of \$25.1 million, to fund the full cost of the Civil Service Retirement System and retiree health benefits. Beginning with the FY 2004 Budget, these costs will be built into the rates charged to Navy Transportation Working Capital Fund customers. This proposal does not increase the total costs to the Federal government, since these costs were previously funded from a central account

Table One: COST (\$ in Millions)

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
DIRECT COST	1,242.3	1,339.8	1,423.2
COST OF G&A	137.7	160.6	169.0
TOTAL COST	1,380.0	1,500.4	1,592.2

FY 2003 PLANNING BUDGET
Navy Working Capital Fund
Military Sealift Command
Congressional Submission

REVENUE ANALYSIS: FY 2002 reflects additional Per Diem and reimbursable requirements. FY 2003 revenue numbers reflect additional Per Diem requirements. Note: Unlike prior budget guidance, FY 2003 rates were not calculated to achieve a zero AOR. To avoid additional rate growth, OSD is allowing MSC to recover the AOR loss over two years.

Table Two: REVENUE (\$ in millions)

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
REVENUE	1,345.5	1,438.9	1,610.0

ANALYSIS OF AOR/NOR: The FY 2002 rates were computed to achieve a loss of \$3.2 million, however, current estimates reflect a loss of \$61.5 million. The net change in NOR between the FY 2002 President's Budget and FY 2003 PB is a negative \$58.3 million attributable primarily to MSC reducing CIVMAR lapse rate and revised M&R reflecting current requirements. The FY 2003 rates were computed to result in negative AOR of \$18.1 million as stated above.

Table Three: AOR/NOR (\$ in Millions)

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
BEGINNING AOR	35.1	0.6	(60.9)
NET OPERATING RESULTS	(34.5)	(61.5)	17.8
PASSTHROUGH	<u>0.0</u>	<u>0.0</u>	<u>25.0</u>
ENDING AOR	0.6	(60.9)	(18.1)

UNIT COST ANALYSIS: MSC operates under three distinct unit cost goals - one for each of the programs. All programs have cost/per day as their unit cost base (costs will include only per diem expenses in their annual operating budget (AOB) as per OSD guidelines.) FY 2001 to FY 2002 change stems from increased operational tempo, number of overhauls, MSC hiring to ceiling, combining of the two CIVMAR unions, and the programmed FY 2002 increase to capital hire for the MPSS. Additionally, the mix of ships - e.g. harbor tugs and T-AOEs - has an impact the unit cost. Change from FY 2002 to FY 2003 is primarily a function of approved escalation factors, the mix of vessels, and increased costs for employee and retiree benefits.

Table Four: UNIT COST (\$)

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
NFAF	30,262	31,987	34,750
SMS	20,439	20,448	21,575
APF-N	74,057	78,173	75,665

WORKLOAD INDICATORS: The NFAF program increases reflect the transfer of one T-AOE 6 each year starting in the fourth quarter of FY 2001. MSC will have an additional five harbor tugs transferred in FY 2002. The SMS Program is relatively stable from FY 2001 through FY 2003 except for the following: The USNS Impeccable will

FY 2003 PLANNING BUDGET
Navy Working Capital Fund
Military Sealift Command
Congressional Submission

be delivered in FY 2002; the USNS Kane was inactivated during FY 2001, and the T-AGS 65 (Mary Sears) comes aboard in FY 2002. The APF-N increased with the beginning of the MPF-E program which increased the fleet to sixteen ships.

**Table Five - WORKLOAD
PER DIEM SHIP DAYS**

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
NFAF	22,017	24,091	24,518
SMS	9,630	10,128	10,220
APF-N	5,689	6,020	6,205

HOW WORKLOAD LEVELS ARE OBTAINED: Budgeted workload estimates are provided directly by each funding sponsor. Since these are all dedicated ships, the programs receive their operational requirements directly from the sponsor by message or other direct communication.

CUSTOMER RATE PERCENTAGE CHANGES: FY 2001 and FY 2002 rates reflect the President's budget approved program. Rates for FY 2003 were developed to attain the required AOR of \$-18.1 million. The below FY 2003 rate changes are based on FY 2003 workload using FY 2002 approved rate vice the rate changes reflected in PBD 426. PBD 426 used rate changes predicated on the gross change in rates from year to year while the table below is calculated using a weighted average.

Table Six - CUSTOMER RATE CHANGES

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
NFAF	4.8%	4.6%	12.8%
SMS	16.7%	8.4%	6.0%
APF-N	-2.0%	19.4%	2.9%

MANPOWER TRENDS: *Afloat:* The major change is due to a T-AE being FOS vice ROS. *Ashore:* FY 2001 is in line with the FY 2002 President's Budget. FY 2002 reflects an increase of four over the PB associated with functional transfer. FY 2003 reflects a net reduction of twelve - i.e. plus ten to cover POM requirements for CIVMAR training and Force Protection and net of two for Functional Transfers (Refile and Contracting) offset by reduction of twenty-four for Management Headquarters (MHA.)

Table Seven: Manpower by Major Program

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
End strength			
NFAF	3,171	3,528	3,779
SMS	234	235	237
APF-N	5	5	5
Overhead	937	959	947
Total	4,347	4,727	4,968

FY 2003 PLANNING BUDGET
Navy Working Capital Fund
Military Sealift Command
Congressional Submission

ANALYSIS OF FINANCIAL CONDITIONS: The FY 2002 NOR reflects a loss of \$61.5M vice the loss of \$3.2M contained in the FY 2002 President's Budget. FY 2003 AOR reflects a loss of \$18.1M (which will be recovered in FY 2004).

Table Eight: Financial Condition

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
REVENUE	1,345.5	\$1,438.9	\$1,610.0
EXPENSE	1,380.0	1,500.4	1,592.2
NOR	(34.5)	(60.5)	17.8
PASS THROUGH	0.0	0.0	25.0
AOR	.6	\$(60.9)	\$(18.2)
CASH DISBURSMENTS	1,269.2	1,404.8	1,494.0
CASH COLLECTIONS	1,301.9	1,437.4	1,610.0
CASH OUTLAY	(32.7)	(32.6)	(116.0)

OVERHEAD TRENDS/ANALYSIS: This relates to all costs incurred by the ashore staff. MSC operates under two Working Capital Funds - Navy and Air Force (TRANSCOM). Costs in all years are higher than the FY 2002 President's Budget. The major component for this increase is related to costs associated with reimbursable efforts - i.e. items that do not affect MSC rates. Other factors impacting overhead are increased IT efforts for Oracle/SPS efforts and planned renovations for the move of MSC Norfolk personnel. The current submission reflects fully loaded hourly rates of \$42, \$45, and \$49 for FY 2001 - FY 2003 respectively based on GS/GM costs contained in MSC Civilian Personnel Exhibits.

Table Nine: Manpower and Overhead Costs (\$ in millions)

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
<u>End strength</u>			
Civilians	937	959	947
Military	171	184	184
Ashore Costs	\$137.7	\$160.6	\$169.0

Capital Purchase Program (CPP): Predominant CPP costs relate to Information Technology (IT/ADP) efforts. These efforts include migration to a paperless environment; secure storage of engineering materials, ADPE for Shipboard LANs and systems development efforts- e.g. mandated travel system, financial management (FMS), etc. Additionally, FY 2001 reflects the requirement for a Force Protection building at SWA.

Table Ten: Capital Investment Program (CPP) Costs (\$ in millions)

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
ADPE Hardware	3.6	4.0	4.5
ADPE Software/Develop.	3.2	6.0	9.1
Minor Construction	<u>0.5</u>	<u>0.0</u>	<u>0.0</u>
Total	7.3	10.0	13.6

FY 2003 PLANNING BUDGET
Navy Working Capital Fund
Military Sealift Command
Congressional Submission

PRODUCTIVITY INITIATIVES/COST REDUCTIONS: Prior year submissions reflected savings associated with productivity initiatives such as vibration analysis, the hull/propeller polishing program, and reduced manning on oilers. Once implemented, these initiatives result in "cost avoidance" vice savings in the outyears, as savings were recognized in prior year submissions.

INDUSTRIAL BUDGET INFORMATION SYSTEM
REVENUE and EXPENSES
AMOUNT IN MILLIONS
COMSC / TOTAL

(NIFRPT)

PAGE 1

	FY 2001 CON	FY 2002 CON	FY 2003 CON
Revenue:			
Gross Sales			
Operations	1,343.1	1,432.3	1,601.7
Surcharges	.0	.0	.0
Depreciation excluding Major Constructio	2.4	6.6	8.3
Other Income			
Total Income	1,345.5	1,438.9	1,610.0
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	40.8	32.7	28.8
Civilian Personnel	325.2	368.6	417.2
Travel and Transportation of Personnel	18.3	17.3	18.2
Material & Supplies (Internal Operations	125.1	158.8	153.3
Equipment	31.3	40.1	41.5
Other Purchases from NWCF	22.8	24.3	23.9
Transportation of Things	2.5	4.1	4.2
Depreciation - Capital	2.4	6.6	8.3
Printing and Reproduction	.7	.6	.6
Advisory and Assistance Services	.5	.2	.1
Rent, Communication & Utilities	472.7	503.6	507.8
Other Purchased Services	337.5	343.4	388.3
Total Expenses	1,380.0	1,500.4	1,592.2
Work in Process Adjustment	.0	.0	.0
Comp Work for Activity Reten Adjustment	.0	.0	.0
Cost of Goods Sold	1,380.0	1,500.4	1,592.2
Operating Result	-34.5	-61.5	17.8
Less Surcharges	.0	.0	.0
Plus Appropriations Affecting NOR/AOR	.0	.0	25.1
Other Changes Affecting NOR/AOR	.0	.0	.0
Extraordinary Expenses Unmatched	.0	.0	.0
Net Operating Result	-34.5	-61.5	42.9
Other Changes Affecting AOR	.0	.0	.0
Accumulated Operating Result	.6	-60.9	-18.1

INDUSTRIAL BUDGET INFORMATION SYSTEM
COMSC / TOTAL
SOURCE of REVENUE
AMOUNT IN MILLIONS

PAGE: 1

	FY 2001 CON -----	FY 2002 CON -----	FY 2003 CON -----
1. New Orders	1,343	1,438	1,610
a. Orders from DoD Components	1,323	1,432	1,603
Department of the Navy	1,290	1,342	1,489
O & M, Navy	860	1,312	1,462
O & M, Marine Corps	0	0	0
O & M, Navy Reserve	0	0	0
O & M, Marine Corp Reserve	0	0	0
Aircraft Porcurement, Navy	0	0	0
Weapons Procurement, Navy	0	0	0
Ammunition Procurement, Navy/MC	0	0	0
Shipbuilding & Conversion, Navy	0	5	5
Other Procurement, Navy	7	0	0
Procurement, Marine Corps	0	0	0
Family Housing, Navy/MC	0	0	0
Research, Dev., Test, & Eval., Navy	0	0	0
Military Construction, Navy	0	0	0
Other Navy Appropriations	421	24	20
Other Marine Corps Appropriations	0	0	0
Department of the Army	0	0	0
Army Operation & Maintenance	0	0	0
Army Res, Dev, Test, Eval	0	0	0
Army Procurement	0	0	0
Army Other	0	0	0
Department of the Air Force	33	19	30
Air Force Operation & Maintenance	33	19	30
Air Force Res, Dev, Test, Eval	0	0	0
Air Force Procurement	0	0	0
Air Force Other	0	0	0
DOD Appropriation Accounts	0	70	84
Base Closure & Realignment	0	0	0
Operation & Maintenance Accounts	0	70	84
Res, Dev, Test & Eval Accounts	0	0	0
Procurement Accounts	0	0	0
DOD Other	0	0	0
b. Orders from other WCF Activity Groups	4	6	6
c. Total DoD	1,328	1,438	1,610
d. Other Orders	15	0	0
Other Federal Agencies	14	0	0
Foreign Military Sales	0	0	0
Non Federal Agencies	1	0	0
2. Carry-In Orders	34	32	32
3. Total Gross Orders	1,378	1,471	1,642
a. Funded Carry-Over	32	32	32
b. Total Gross Sales	1,345	1,438	1,610
4. Revenue (-)	-1,345	-1,438	-1,610
5. End of Year Work-In-Process (-)	0	0	0
6. Direct Contract Obligations(-)	0	0	0
7. Non-DoD, BRAC, FMS, DWCF Orders (-)	-5	-5	-5
8. Net Funded Carryover	27	27	27
9. Months of Carryover	0.2	0.2	0.2

Exhibit Fund-11

FY 2003 PLANNING BUDGET
Changes in the Costs of Operation
Military Sealift Command/Transportation
(Dollars in Millions)
Congressional Submission

	Total <u>Expenses</u>
FY 2001 Current Estimate:	1,380.0
FY 2002 Presidents Budget	1,421.8
Pricing Adjustments:	
a. FY 2002 Pay Raise	
(1) Civilian Personnel	1.4
(2) Military Personnel	0.0
b. Annualization of Prior Year Pay Raises	
(1) Civilian Personnel	0.0
(2) Military Personnel	0.0
c. Fuel	0.0
d. Supplies	0.0
e. General Purchase Inflation	0.9
Productivity Initiatives & Other Efficiencies:	
a.	
Program Changes (list) as appropriate	
a. DLRs	0.0
b. Manning	0.0
c. Depot Maintenance	0.0
d. Commercial Augmentation	0.0
e. Military Augmentation	0.0
f. Rent/Utilities	0.0
g. Supplies	0.0
t. Travel	0.0
i. Depreciation	0.0
j. Communication	0.0
k. ADP Services	0.0
l. Other	0.0
Increased reimbursables costs	22.5
Revised salary - e.g. civmar overtime,	42.9
increase for unlicensed east cost civmars, etc	
Increase travel costs to support additional CIVMARS	3.5
Revised Maintenance & Repair	9.1
Equipment/Supplies	7.6
Fuel/Utilities/Misc.	-9.3
FY 2002 Current Estimate:	1,500.4
Pricing Adjustments:	
a. FY 2003 Pay Raise	
(1) Civilian Personnel	3.3
(2) Military Personnel	0.8
b. Annualization of Prior Year Pay Raises	
(1) Civilian Personnel	11.1
(2) Military Personnel	0.0
c. Fuel	-17.6
d. Supplies	5.5
e. DLRs	
f. General Purchase Inflation	11.8
g. CSRS/FERS & Health Benefits increase	25.0

FY 2003 PLANNING BUDGET
Changes in the Costs of Operation
Military Sealift Command/Transportation
(Dollars in Millions)
Congressional Submission

	Total <u>Expenses</u>
Productivity Initiatives & Other Efficiencies:	
a.	
Program Changes:	
a. DLRs	0.0
b. Manning	0.0
c. Depot Maintenance	0.0
d. Commercial Augmentation	0.0
e. Military Augmentation	0.0
f. Flying Hour Change	0.0
g. Other	
Mary Sears T-AGS 65 Full year operations	1.5
Wheat MPF-E 2 full year operation	2.6
Change in operation of ARCTIC and RANIER	38.0
Second year phase in of Unlicensed	5.2
Military Costs	-3.9
Additional overhaul in FY 2003	8.1
Other Changes:	
a. Depreciation	1.8
b. General & Administrative	-1.4
 FY 2003 Estimate:	 1,592.2

Business Area Capital Investment Summary

Component: Military Sealift Command

Business Area: Transportation

Date: Congressional Submission

(\$ in Millions)

Line Number	Item Description	FY 2001		FY 2002		FY 2003	
		Qty	Total Cost	Qty	Total Cost	Qty	Total Cost
	<u>Equipment</u>						
	Replacement						
	Productivity						
	New Mission						
	Environmental Compliance						
	Sub-total	0	0.0	0	0.0	0	0.0
	ADPE & Telecomm						
	Computer Hardware (Production)						
C001	TDMS		0.2		0.3		0.4
C002	LAN		3.4		3.7		4.1
	Computer Software (Operating)						
	Telecommunications						
	Other Communications and						
	Telecommunications Support						
	Equipment						
	Sub-total	0	3.6	0	4.0	0	4.5
	Software Development		3.2		6.0		9.1
C003	Systems		2.1		2.0		2.3
C004	TDMS		0.4		0.1		0.1
C005	APM		0.7		2.5		5.3
C006	COTS Initiative				1.4		1.4
C007	Minor Construction		0.5		0.0		
	Total	0	7.3	0	10.0	0	13.6

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)							A. Budget Submission FY 2003 Planning Budget - Congressional					
B. Component/Business Area/Date Military Sealift Command/Transportation/ FEB 2002					C. Line No. & Item Description					D. Activity Identification		
	FY 2001			FY 2002			FY 2003			FY 2004		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Total	0		0	0		0	0		0	0		0
Narrative Justification:												

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)							A. Budget Submission FY 2003 Planning Budget - Congressional					
B. Component/Business Area/Date				C. Line No. & Item Description				D. Activity Identification				
Military Sealift Command/Transportation/ FEB 2002				C004 TDMS								
	FY 2001			FY 2002			FY 2003			FY 2004		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Software Development		Varies	400		Varies	100		Varies	100			
Total	0		400	0		100	0		100	0		0
<p>Narrative Justification:</p> <p>The Technical Data and Management System (TDMS) provides access to technical information - e.g. drawings, manuals, test reports, etc - on line or electronically in CALS and industry compatibility. TDMS eventually will enable MSC to migrate a paperless environment of engineering documents.</p>												

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)							A. Budget Submission FY 2003 Planning Budget - Congressional					
B. Component/Business Area/Date				C. Line No. & Item Description				D. Activity Identification				
Military Sealift Command/Transportation/ FEB 2002				C001 TDMS								
	FY 2001			FY 2002			FY 2003			FY 2004		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
ADPE		Varies	250		Varies	350		Varies	350			
Total	0		250	0		350	0		350	0		0
<p>Narrative Justification:</p> <p>TDMS equipment provides a secure physical archive and replaces the existing manual labor and intensive paper based system that has a high risk of loss of critical material due to age and handling. This funding is for the main TDMS system which is located at MSC HQ and the peripherals which are located at MSC Area Commands.</p>												

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)							A. Budget Submission FY 2003 Planning Budget - Congressional					
B. Component/Business Area/Date				C. Line No. & Item Description				D. Activity Identification				
Military Sealift Command/Transportation/ FEB 2002				C002 LAN								
	FY 2001			FY 2002			FY 2003			FY 2004		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
ADPE - Afloat		Varies	3,403		Varies	3,646		Varies	4,132			
Total	0		3,403	0		3,646	0		4,132	0		0
<p>Narrative Justification:</p> <p>The above represents MSC requirements to implement unclassified and classified LANS at all ships, offices, area command, and headquarters world-wide. Equipment includes servers, routers, modem pools, printers, firewall, etc. This funding will help create a performance and capacity test platform to plan the future and make cost effectiveness decisions for the Unclass Network Command Center. This equipment also will support Standard Procurement System (SPS) and Paperless Acquisition.</p>												

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)							A. Budget Submission FY 2003 Planning Budget - Congressional					
B. Component/Business Area/Date				C. Line No. & Item Description				D. Activity Identification				
Military Sealift Command/Transportation/ FEB 2002				C003 Systems								
	FY 2001			FY 2002			FY 2003			FY 2004		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Software Development			2,050			2,050			2,300			
Total	0		2,050	0		2,050	0		2,300	0		0
<p>Narrative Justification:</p> <p><u>Systems</u> All systems operate on existing MSC or Defense Mega Center (DMC) computers. All funds are for system design, product integration, acceptance testing, implementation, and documentation.</p> <p>Various modules integrate existing worldwide procurement system with developing/deploying financial system; this ensures validation of accounting data at time of origination, and tracking of both procurement and funds control from obligation through payment.</p> <p>Includes funding required to implement DOD mandated travel system and integrate it with the Command financial management system as well as the paperless environment.</p>												

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)							A. Budget Submission FY 2003 Planning Budget - Congressional					
B. Component/Business Area/Date				C. Line No. & Item Description				D. Activity Identification				
Military Sealift Command/Transportation/ FEB 2002				C005 APMC								
	FY 2001			FY 2002			FY 2003			FY 2004		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Development			700			2,486			5,300			
Total	0		700	0		2,486	0		5,300	0		0
<p>Narrative Justification:</p> <p>MSC has consolidated its civmar personnel functions at the Afloat Personnel Management Center (APMC.) This funding will satisfy the requirement to migrate to a paperless environment - i.e. total automation of the AP process, automated workflow and documentation management utilizing Oracle Human Resource (HR) and Payroll. Increases in FY 2002 and FY 2003 result from previous years' shortfalls; increases also are a result of implementing a civilian mariner payroll system with the fully integrated HR system. This implementation also will provide the ability to integrate with MSC's corporate data environment.</p>												

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BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)							A. Budget Submission FY 2003 Planning Budget - Congressional					
B. Component/Business Area/Date				C. Line No. & Item Description						D. Activity Identification		
Military Sealift Command/Transportation/ FEB 2002				C006 COTS Initiative/FMSS								
	FY 2001			FY 2002			FY 2003			FY 2004		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Software Development					Varies	1,368		Varies	1,368			
Total	0		0	0		1,368	0		1,368	0		0
<p>Narrative Justification:</p> <p><u>Financial Management Systems (FMS)</u> The above funding is required to meet the requirement of the CFO and has been addressed in various meetings with representatives from DFAS and the Department of the Navy. This requirement was generated as a result of the DODIG's review of MSC's financial practices in September 1997.</p> <p>As implemented, FMS now has become the basis for MSC's Enterprise Resource Planning (ERP) environment. Outyear funding will support modules necessary to provide the total ERP solution to include interfaces with additional operational and logistics modules, shipboard access, budget preparation, inventory, etc.</p>												

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)							A. Budget Submission FY 2003 Planning Budget - Congressional					
B. Component/Business Area/Date				C. Line No. & Item Description				D. Activity Identification				
Military Sealift Command/Transportation/ FEB 2002				C007 Building at SWA								
	FY 2001			FY 2002			FY 2003			FY 2004		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Minor Construction			470									
Total	0		470	0		0	0		0	0		0
<p>Narrative Justification:</p> <p>MSC is in non-compliance with respect to force protection building. The defined threat, as per CENTCOM for this AOR, is a perimeter truck bomb. The personnel in this building are at risk for both the MSC chain of command and the host command, NSA Bahrain. Current options are as follows:</p> <ul style="list-style-type: none"> 1/ Status Quo: Personnel remain at risk and costs for current facility remain high 2/ MILCON: This has been requested by NSA Bahrain, however, if approved, project would not be completed until FY 2008 3/ CPP: Personnel would not be at risk. Further, this option would provide colocation with MTMC 												

CAPITAL BUDGET EXECUTION
Component: Military Sealift Command
Activity Group: Transportation
FY 2003 Planning Budget
(\$ in Millions)

FY 2000/2001 PROJECTS IN THE FY 2001 PRESIDENT'S BUDGET

<u>FY</u>	<u>Approved Projects</u>	<u>PB Amount</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Asset/ Deficiency</u>	<u>Explanation</u>
01	Equipment except ADPE & T	\$0.0		\$0.0	\$0.0	\$0.0	
	ADPE & Telecomm						
	APM	\$0.0		\$0.0	\$0.0	\$0.0	
	TDMS	\$0.2		\$0.2	\$0.2	\$0.0	
	LAN	\$3.4		\$3.4	\$3.4	\$0.0	
	Software Development						
	TDMS/Systems/Lan	\$3.2		\$3.2	\$3.2	\$0.0	
	FMS	\$0.0		\$0.0	\$0.0	\$0.0	
	Minor Construction	\$0.5		\$0.5	\$0.5	\$0.0	
	TOTAL FY 2001	\$7.3	\$0.0	\$7.3	\$7.3	\$0.0	
<hr/>							
02	Equipment except ADPE & T	\$0.0		\$0.0	\$0.0	\$0.0	
	ADPE & Telecomm						
	APM	\$0.0		\$0.0	\$0.0	\$0.0	
	TDMS	\$0.3		\$0.3	\$0.3	\$0.0	
	LAN	\$3.7		\$3.7	\$3.7	\$0.0	
	Software Development						
	TDMS/Systems/Lan	\$6.0		\$6.0	\$6.0	\$0.0	
	FMS	\$0.0		\$0.0	\$0.0	\$0.0	
	Minor Construction	\$0.0		\$0.0	\$0.0	\$0.0	
	TOTAL FY 2002	\$10.0	\$0.0	\$10.0	\$10.0	\$0.0	

Public Works Centers

FY 2003 Presidents Budget Submission
Navy Working Capital Fund
BASE SUPPORT/Navy Public Works Centers
February 2002

ACTIVITY GROUP FUNCTION: The Navy Public Works Centers (PWCs) provide utilities services, facilities maintenance, family housing maintenance services, transportation support, engineering services and shore facilities planning support required by afloat and ashore operating forces and other activities.

PWCs have a unique Command and Control structure. They operate under the command of the regional commander who serves as Immediate Superior in Command (ISIC), and also under the technical direction of the Naval Facilities Engineering Command as management command.

The PWCs provide base support to military, Federal, state and local activities located within ten regional areas. Currently, PWCs provide support and services to Navy, Marine Corps, Army, Air Force, DoD, Coast Guard, National Aeronautics and Space Administration, state, and other Federal and nonfederal activities.

The mission of the PWCs is to provide clients with the best public works support and services to meet their diverse needs, thereby becoming the provider of choice.

ACTIVITY GROUP COMPOSITION:

<u>ACTIVITY</u>	<u>LOCATION</u>
PWC Great Lakes	Great Lakes, Illinois
PWC Guam	Agana, Guam, Marianas Islands
PWC Jacksonville	Jacksonville, Florida
PWC Norfolk	Norfolk, Virginia
PWC Pearl Harbor	Pearl Harbor, Hawaii
PWC Pensacola	Pensacola, Florida
PWC San Diego	San Diego, California
PWC Washington	Washington, D.C.
PWC Yokosuka	Yokosuka, Japan

TABLE ONE - Financial Profile
(\$M)

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Revenue	1,603.8	1,592.2	1,639.1
Cost of Goods Sold	1,704.2	1,623.8	1,618.7
Net Operating Results	-100.5	-31.6	20.5
Other appropriations and Adjustments affecting AOR	142.3	0	23.9
Accum. Operating Results	-12.7	-44.3	0

Revenue slightly increases from FY 2001 - FY 2003 primarily as a result of utility cost increases. PWC's are continuing to implement measures to gain efficiencies and lower cost.

Initiatives include: (1) Commercial Activity (CA) study savings, (2) Business Process Reengineering (BPR) and Functional Assessment (FA) initiatives, (3) Utilities Privatization studies, and (4) Regionalization. In an effort to offset the impact of potential losses at the PWCs as a result of the emergent utility costs, DoD requested and received a FY 2001 supplemental appropriation.

To improve the accounting for and make the cost of government programs more visible to the American people, the Administration is proposing to align the full annual budgetary costs of resources used by programs with the budget accounts that fund the programs. To that end, the budget includes a request for a direct appropriation of \$373 million for the Navy Working Capital Fund, (of which \$23.9 million is included in the PWC budget), to fund the full accruing cost of the Civil Service Retirement System and retiree health benefits for civilian employees in the Federal Employee Health Benefit Program. Beginning with the FY 2004 Budget, these costs will be built-into the rates charged to Working Capital Fund customers. This proposal does not increase the total costs to the Federal government, since these costs were previously funded from a central account.

WORKLOAD CHANGES:

Additional workload is projected for PWC Washington to accommodate work from the National Naval Medical Center, the National Institute of Health, and Ft. Meade, as well as the increases in the Washington Navy Yard complex due to the arrival of NAVSEA in late FY 2001.

TABLE TWO - Workload

	<u>MEASURE</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
UTILITY SERVICES				
ELECTRICITY	MWH	4,316,553	4,326,381	4,316,614
POTABLE WATER	KGAL	21,802,993	21,270,543	21,270,360
SALT WATER	KGAL	8,090,371	10,345,885	10,345,885
STEAM	MBTU	7,896,369	7,649,967	7,533,373
SEWAGE	KGAL	12,119,453	12,504,033	14,699,248
NATURAL GAS	MBTU	1,624,543	1,569,281	1,513,795
COMPRESSED AIR	KCF	7,878,269	7,261,491	7,201,580
SANITATION SERVICES				
REFUSE COLL & DISPOSAL	CUYD	3,216,595	3,528,289	3,657,701
PEST CONTROL	HOURS	59,520	47,357	47,442
HAZ WASTE I	GAL	356,913	306,012	354,525
HAZ WASTE II	LBS	9,715,912	10,934,413	11,599,581
INDUST WASTE	KGAL	49,183	29,389	29,801
ENVIRONMENTAL ENG	HOURL	153,136	206,446	206,428
ENVIRONMENTAL LAB	TEST	616,974	712,053	711,523
TRANSPORTATION SERVICES				
EQUIP RENTAL	HOURS	21,741,574	22,627,579	21,925,115
VEHICLE OPS	HOURS	785,234	907,015	909,464
		<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
MAINTENANCE & REPAIR				
SPECIFICS	JOBS	3,646	4,439	4,856
MINORS	ITEMS	14,048	13,916	14,081
EMERGENCY	CHITS	67,158	75,292	84,045
SERVICE	CHITS	173,974	197,207	201,562
RECURRING	ITEMS	210,818	224,480	230,130
VEHICLE MAINTENANCE	SRO	106,990	143,836	143,844
ENGINEERING SUPPORT		68,690	87,144	87,144

CHANGES FROM THE FY 2002 PRESIDENT'S BUDGET:

The California electric utility industry was restructured in 1998, to allow the wholesale price of electricity to float with supply and demand, but held the retail prices capped until stranded assets were paid off by the utilities. San Diego Gas & Electric (SDG&E) paid off their stranded assets in July 1999, while Pacific Gas & Electric (PG&E) and Southern California Edison (SCE) prices remain capped. In June 2000, the price of electricity began climbing to unprecedented levels.

To mitigate the impact of continued price volatility, PWC San Diego in partnership with Naval Facilities Engineering Command Southwest Division entered into a contract through the Western Area Power Administration. The contract was put into place in April 2001 and provides 70% of PWC San Diego's energy consumption or "base load". The remaining 30% requirement was subsequently secured via separate contract beginning August 2001.

On 1 Oct 2000, PWC Yokosuka successfully regionalized transportation services with the activation of the PWC Transportation Detachment, NAF Atsugi. This effort is designed to provide a single service provider for transportation services in Japan.

COMMERCIAL ACTIVITY AND FUNCTIONAL ANALYSIS STUDIES:

NAVFACENGCOM aggressively continues to downsize and streamline operations. A-76 studies are progressing well and the PWCs anticipate announcing a total of 7,822 positions by the end of FY 2003, with an additional 2,800 positions studied under Functional Analysis (FA).

NAVY/MARINE CORPS INTRANET (NMCI)

The Department of the Navy has undertaken the Navy and Marine Corps Intranet (NMCI) initiative to provide automation standardization throughout the Service. In support of this effort, CONUS PWCs implementation will occur in FY 2002 and be completed in FY 2003.

RATE CHANGES/UNIT COST:

TABLE THREE - Rate Changes

	<u>FY 2002</u>	<u>FY 2003</u>
East Coast and Great Lakes:		
Utilities and Sanitation	2.9	-2.3
Other services	.8	5.2

Composite	1.7	2.3
West Coast and Pacific		
Utilities and Sanitation	37.3	4.3
Other services	.9	3.3
Composite	22.7	3.9
Total PWC		
Utilities and Sanitation	18.7	1.1
Other Services	1.1	4.4
Composite	9.8	2.7

TABLE FOUR - Unit Cost

	UNIT OF MEASURE	FY 2001	FY 2002	FY 2003
UTILITY SERVICES				
ELECTRICITY	MWH	103.64	104.45	95.92
POTABLE WATER	KGAL	3.34	3.31	3.38
SALT WATER	KGAL	0.66	0.60	0.65
STEAM	MBTU	18.29	18.85	18.25
SEWAGE	KGAL	5.02	4.92	4.34
NATURAL GAS	MBTU	12.19	10.60	8.56
COMPRESSED AIR	KCF	1.11	1.51	1.87
SANITATION SERVICES				
REFUSE COLL & DISPOSAL	CUYD	4.66	5.23	5.22
PEST CONTROL	HOURS	35.10	36.29	36.87
HAZ WASTE I	GAL	5.11	8.28	5.67
HAZ WASTE II	LBS	1.10	1.04	.95
INDUST WASTE	KGAL	102.75	149.25	153.90
ENVIRONMENTAL ENG	HOURL	71.85	64.32	66.68
ENVIRONMENTAL LAB	TEST	9.36	8.77	8.74
TRANSPORTATION SERVICES				
EQUIP RENTAL	HOURS	3.12	3.39	3.38
VEHICLE OPS	HOURS	33.61	43.96	39.64
MAINTENANCE & REPAIR				
SPECIFICS	JOBS	50,316.34	36,145.34	35,155.49
MINORS	ITEMS	3,858.43	4,530.01	4,885.57
EMERGENCY	CHITS	230.43	238.84	206.40
SERVICE	CHITS	287.44	226.44	227.19
RECURRING	ITEMS	821.72	739.67	734.89
VEHICLE MAINTENANCE	SRO	84.17	93.11	94.89
ENGINEERING SUPPORT	VARIOUS	895.91	614.39	640.49

PERFORMANCE INDICATORS:

EFFICIENCY - The PWCs have twenty-four established key corporate performance indicators that measure products/services to gauge

effectiveness, assist in the management of products/services, assure accountability, and assist in making sound budget and management decisions. Although unit cost remains the primary efficiency measure, the PWCs also track Net Operating Results, Timeliness, Workforce Safety, and Client Satisfaction. The metrics, goals and definitions are reviewed monthly to ensure that they are appropriate in the rapidly changing public works environment.

TIMELINESS - Timeliness indicators are most important in the area of maintenance of real property. PWCs have established common standard definitions and performance targets for emergency, service, minor and specific work. Mechanisms for tracking response, turnaround and client schedule adherence have been installed at each PWC and are reported quarterly. Significant improvements have been made both in response and turnaround for all categories of maintenance work. Since FY 1996, emergency work response time has improved from 11 hours in FY 1996 to 4.7 hours in FY 2001. Current goal is to respond to an emergency work request in less than 4.0 hours after the Center receives the request from a client. Service work turnaround has made considerable progress going from 156 hours in FY 1996 to 103.5 hours in FY 2001. The goal is to have PWC workforce complete service work requests in less than 72 hours after the PWC received the request from the client. Minor work turnaround time has improved from 69 hours in FY 1996 to 40.2 hours in FY 2001. The PWC workforce goal is to complete a minor work request in less than 30 calendar days after the PWC has received funding from a client. Specific work turnaround has also improved. The goal is to have the PWC workforce start and complete 100% of all specific work on the dates negotiated with the Client. These improvements have resulted in cost savings to PWC clients.

WORKFORCE SAFETY - Workforce Safety is a priority for all PWCs. The Navy goal for lost time accident rate is a 2% reduction per year, with NAVFAC/PWC establishing a more aggressive goal of 3% reduction per year.

CLIENT SATISFACTION - Client Satisfaction is considered to be a most important PWC product/service indicator. PWCs use a standard client survey that is administered annually. PWC business areas are measured using a five-point scale with a goal to increase client satisfaction by a tenth of a percent each year. PWCs ratings have been improving gradually since FY 1996 from 3.52 to 4.0 in FY 2001. The 4.0 standard is a World Class level for private sector service organizations.

CIVILIAN AND MILITARY PERSONNEL - PWC civilian manpower is declining in response to CA study results.

TABLE FIVE - Personnel

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Civilian End Strength	8,212	6,814	6,177
Civilian Work Years	8,417	6,910	6,310
Military End Strength	104	104	105
Military Work Years	104	104	105

TABLE SIX - Carryover Reconciliation

	<u>FY2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Gross Carryover	284.5	269.4	259.5
Less Work In Process	18.8	0	0
Less Foreign Military Sales	0	0	0.1
Less BRAC	3.2	2.8	2.6
Less Other Federal Sources	2.1	3.8	5.1
Less Non-Federal Sources	1.3	1.4	2.4
<u>Less Contractual Liabilities</u>	<u>218.2</u>	<u>195.5</u>	<u>189.1</u>
Net Carryover	40.9	65.9	60.2
Months	0.3	0.5	0.4

**TABLE SEVEN - Capital Budget Authority
(\$M)**

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Equipment-Non ADPE/TELECOM >500K	2.2	3.5	1.1
Equipment-Non ADPE/TELECOM <500K	5.0	4.1	6.9
ADPE/TELECOM Equip.	0	.3	.4
Software Development	4.9	3.8	3.5
Minor Construction	<u>6.1</u>	<u>6.3</u>	<u>6.6</u>
Total	18.2	18.0	18.5

SUMMARY

The PWCs strive to be extremely efficient organizations providing high quality products and services to the Fleets and ashore-based naval activities. Sound business practices are the core for decisions that promote innovation and continuous improvements of products and services, as well as increase efficiencies and promote cost effectiveness. Faced with significant challenges in regionalization, A-76 and FA studies, PWCs will continue to strive to better leverage Navy assets while upholding the Navy's core values of honor, courage and commitment.

INDUSTRIAL BUDGET INFORMATION SYSTEM
 REVENUE and EXPENSES
 AMOUNT IN MILLIONS
 PWC / TOTAL

(NIFRPT)

PAGE 1

	FY 2001 CON	FY 2002 CON	FY 2003 CON
Revenue:			
Gross Sales			
Operations	1,588.1	1,573.2	1,620.6
Surcharges	.0	.0	.0
Depreciation excluding Major Constructio	15.7	19.0	18.5
Other Income			
Total Income	1,603.8	1,592.2	1,639.1
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	8.4	8.9	9.3
Civilian Personnel	473.0	396.9	390.5
Travel and Transportation of Personnel	5.4	4.1	4.2
Material & Supplies (Internal Operations	159.4	174.4	165.6
Equipment	26.7	27.9	27.9
Other Purchases from NWCF	13.0	10.1	9.8
Transportation of Things	.5	.8	.1
Depreciation - Capital	15.7	19.0	18.5
Printing and Reproduction	.7	1.0	1.0
Advisory and Assistance Services	3.3	3.7	1.9
Rent, Communication & Utilities	545.2	486.0	456.7
Other Purchased Services	434.0	472.1	533.2
Total Expenses	1,685.4	1,605.0	1,618.7
Work in Process Adjustment	18.6	18.8	.0
Comp Work for Activity Reten Adjustment	.0	.0	.0
Cost of Goods Sold	1,704.0	1,623.8	1,618.7
Operating Result	-100.2	-31.6	20.5
Less Surcharges	.0	.0	.0
Plus Appropriations Affecting NOR/AOR	.0	.0	23.9
Other Changes Affecting NOR/AOR	-1.0	.0	.0
Extraordinary Expenses Unmatched	.0	.0	.0
Net Operating Result	-101.2	-31.6	44.3
Other Changes Affecting AOR	143.3	.0	.0
Accumulated Operating Result	-12.7	-44.3	.0

INDUSTRIAL BUDGET INFORMATION SYSTEM
PWC / TOTAL
SOURCE of REVENUE
AMOUNT IN MILLIONS

(R_FUND11) PAGE: 1

	FY 2001 CON -----	FY 2002 CON -----	FY 2003 CON -----
1. New Orders	1,534	1,578	1,629
a. Orders from DoD Components	1,237	1,221	1,244
Department of the Navy	1,004	974	1,008
O & M, Navy	882	870	900
O & M, Marine Corps	46	40	43
O & M, Navy Reserve	4	5	5
O & M, Marine Corp Reserve	0	1	1
Aircraft Procurement, Navy	1	3	1
Weapons Procurement, Navy	0	0	0
Ammunition Procurement, Navy/MC	0	0	0
Shipbuilding & Conversion, Navy	3	1	1
Other Procurement, Navy	7	0	0
Procurement, Marine Corps	0	0	0
Family Housing, Navy/MC	41	40	41
Research, Dev., Test, & Eval., Navy	2	0	0
Military Construction, Navy	0	0	0
Other Navy Appropriations	12	9	11
Other Marine Corps Appropriations	0	0	0
Department of the Army	14	21	23
Army Operation & Maintenance	8	14	15
Army Res, Dev, Test, Eval	0	0	0
Army Procurement	0	0	0
Army Other	6	7	7
Department of the Air Force	25	29	33
Air Force Operation & Maintenance	20	25	29
Air Force Res, Dev, Test, Eval	0	0	0
Air Force Procurement	0	0	0
Air Force Other	5	4	4
DOD Appropriation Accounts	193	194	179
Base Closure & Realignment	2	2	2
Operation & Maintenance Accounts	100	76	68
Res, Dev, Test & Eval Accounts	7	3	3
Procurement Accounts	0	6	6
DOD Other	83	105	98
b. Orders from other WCF Activity Groups	212	279	305
c. Total DoD	1,449	1,501	1,549
d. Other Orders	85	77	79
Other Federal Agencies	10	11	11
Foreign Military Sales	0	0	0
Non Federal Agencies	75	66	67
2. Carry-In Orders	366	284	270
3. Total Gross Orders	1,900	1,862	1,900
a. Funded Carry-Over	284	270	260
b. Total Gross Sales	1,616	1,592	1,639
4. Revenue (-)	-1,603	-1,592	-1,639
5. End of Year Work-In-Process (-)	-18	0	0
6. Direct Contract Obligations(-)	-218	-195	-189
7. Non-DoD, BRAC, FMS, DWCF Orders (-)	-6	-8	-10
8. Net Funded Carryover	40	67	61
9. Months of Carryover	0.3	0.5	0.4

FY 2003 Budget Submission
Navy Working Capital Fund
Activity Group: Base Support/ PUBLIC WORKS CENTERS
February 2002
Changes in the Costs of Operations
(\$ in Millions)

	<u>Expenses</u>
1. FY 2001 Execution	1,685.4
2. FY 2002 Estimate in President's Budget:	1,546.2
3. Estimated Impact in FY 2002 of Actual FY 2001 Experience:	
Transfer of the Navy Region Mid Atlantic Residual Fac at PWC Norfolk	1.4
Increased purchased electricity cost at PWC San Diego	78.0
Delay in PWC San Diego regional functional and budget base transfers	3.0
Reduced cost of utilities due to Yen conversion rate change at PWC Yokosuk	(4.7)
Decreased purchase electricity cost and reduction in units at PWC Yokosuka	(3.5)
PWC Guam's BOS Contract wage increase	1.0
POL Fuel cost increases	11.3
Fuel Increase related to steam for PWC San Diego	3.2
Purchase Utility increase due to TOMSA adjustment for PWC Norfolk	1.0
4. Pricing Adjustments:	
CIVPERs Pay adjustment	2.2
Other	(0.2)
5. Productivity Initiatives and Other Efficiencies:	
Strategic Sourcing PWC Guam Workforce Optimization	(1.2)
PWC Great Lakes reduced major maint contracts	(0.9)
CA/MEO implementation cost in the maintenance area	(4.9)
Strategic Sourcing savings	(5.1)
6. Program Changes:	
Other changes (incl Depreciation):	
PWC Guam decrease in depreciation	(1.2)
PWC Pensacola reduced workload	(13.6)
Increased workload at PWCs Pearl Harbor, Great Lakes, and Washington	11.8
7. FY 2002 Current Estimate:	1,623.8

FY 2003 Budget Submission
Navy Working Capital Fund
Activity Group: Base Support/ PUBLIC WORKS CENTERS
February 2002
Changes in the Costs of Operations
(\$ in Millions)

7. FY 2002 Current Estimate:	1,623.8
8. Pricing Adjustments:	
Pay Raise:	
FY 2003 CIVPERS Pay Raise	8.6
Annualization of FY 2002 Pay Raise	3.4
Full Funding of CSRS & FEHB Costs	23.9
FY2003 Fuel Adjustments	(6.0)
Material and Supplies	1.7
General Purchases	15.8
9. Productivity Initiatives and Other Efficiencies:	
Strategic Sourcing savings	(28.5)
Reduction in electricity cost	(33.2)
Other	2.0
10. Program Changes:	
Alternative Fuel Vehicles	2.5
Increase in facility maintenance for envir/saftey	4.1
Other	0.5
11. FY 2003 Current Estimate:	1,618.7

Navy Working Capital Fund Capital Investment Summary
Component: Department of the Navy
Base Support - PWC
February 2002
FY2003 President's Budget Submission
(Dollars in Thousands)

Line No.	Item Description	FY 2001		FY 2002		FY 2003	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
	<u>Non-ADP Equipment (>\$500K)</u> Replacement (List)						
L01	ECC 8219 Crane Truck MTD 2-Eng Prt	0	0.000	1	0.801	1	1.135
L02	ECC 8249 Crane Truck MTD HYD Ded 51 Ton & Up	2	1.104	1	1.480	0	0.000
L03	ECC 8246 Crane Truck MTD HYD DED 20-50 Ton	0	0.000	1	0.520	0	0.000
	Productivity (List)						
	New Mission (List)						
	Environmental Compliance (List)						
	Total Non-ADP Equipment (>\$500K)	2	1.104	3	2.801	1	1.135
L04	Total Non-ADP Equipment (>\$100K<\$500K)	33	6.051	28	4.836	41	6.878
	Grand Total Non-ADP Equipment	35	7.155	31	7.637	42	8.013
	<u>ADP Equipment & Telecommunications (>\$500K)</u> (List)						
	Total ADP Equipment & Telecommunications (>\$500K)	0	0.000	0	0.000	0	0.000
L05	Total ADP Equipment & Telecommunications (>\$100K<\$500K)	0	0.000	1	0.300	1	0.350
	Grand Total ADP Equipment & Telecommunications	0	0.000	1	0.300	1	0.350
	<u>Software Development (>\$500K)</u> (List)						
L06	DWAS	1	2.838	1	2.612	1	2.689
L07	BIMS	1	0.608	1	0.608	1	0.608
L08	MAXIMO	1	1.316	1	0.200	1	0.200
	Total Software Development (>\$500K)	3	4.762	3	3.420	3	3.497
L09	Total Software Development (>\$100K<\$500K)	0	0.000	2	0.380	0	0.000
	Grand Total Software Development	3	4.762	5	3.800	3	3.497
L10	Total Minor Construction (>\$100K<\$500K)	21	6.005	22	6.258	19	6.613
	Total Capital Purchase Program	59	17.922	59	17.995	65	18.473

Exhibit Fund-9a Capital Investment and Financing Summary

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)						A. FY 2003 President's Budget			
B. Department of the Navy/Base Support			L02 ECC 8219 Crane Truck MTD 2 Eng.			D. Public Works Centers			
	FY 2001			FY 2002			FY 2003		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Non-ADP Equipment (>\$500K) Replacement	0	0.00	0	1	801.00	801	1	1135.00	1,135
Narrative Justification: FY02 and FY 03 cranes procurements are planned at PWC Norfolk for waterfront support operations at the Naval Station Norfolk and to perform heavy lift requirements at PWC San Diego in support of Fleet and Navy Yard lift requirements. The cranes being replaced have exceeded 20 years of age, with a life expectancy of ten years. To maintain a level of reliability and safety, and meet customer workloads the subject cranes will be need to be replaced. Current commercial rental rates in the PWC Norfolk area for a similar crane run \$108K annually. Annual workload for the PWC Norfolk crane exceeds \$500K and is urgent need of replacement to preclude losses due to unscheduled maintenance downtime. PWC San Diego's FY 03 asset has already exceeded its life cycle and is in need of replacement due to age and deterioration. Currently this crane generates over \$500K in customer workload for the fleet and Navy Yard in the San Diego area. Alternative crane rentals/commercial leases in the San Diego area are not available for this type of lift capability.									

Exhibit Fund 9-b Capital Investment and Financing Summary

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)						A. FY 2003 President's Budget			
B. Department of the Navy/Base Support			L2 ECC 8249 Crane Truck MTD 51Ton & Up			D. Public Works Centers			
	FY 2001			FY 2002			FY 2003		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Non-ADP Equipment (>\$500K) Replacement	2	552.00	1,104	1	1480.00	1,480	0	0.00	0
Narrative Justification: As of October 2001 , PWC Yokosuka implemented CNO/CINCPACFLT directed Regionalization of Transportation support services at all Navy bases in Japan. As such, PWC Yokosuka now supports additional Navy Transportation operations at Sasebo, Atsugi, Okinawa, and Misawa. In support of this expansion PWC Yokosuka requires the replacement of one crane in FY 2002. Replacement will provide safer, more efficient work use, better response time and less maintenance cost. Current rental costs for a similar crane can exceed \$1,900 per day which substantially exceeds comparable cost of ownership.									

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)						A. FY 2003 President's Budget			
B. Department of the Navy/Base Support			L03 ECC 8246 Crane Truck MTD 20-50 Ton			D. Public Works Centers			
	FY 2001			FY 2002			FY 2003		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Non-ADP Equipment (>\$500K) Replacement	0	0.00	0	1	520.00	520	0	0.00	0
Narrative Justification: As of October 2001 , PWC Yokosuka implemented CNO/CINCPACFLT directed Regionalization of Transportation support services at all Navy bases in Japan. As such, PWC Yokosuka now supports additional Navy Transportation operations at Sasebo, Atsugi, Okinawa, and Misawa. In support of this expansion PWC Yokosuka requires the replacement of one crane in this category in FY 2002. Replacement will provide safer, more efficient work use, better response time, and less maintenace cost.									

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)						A. FY 2003 President's Budget			
B. Department of the Navy/Base Support			L04 Total Non-ADP Equipment(>\$100K<\$500K)			D. Public Works Centers			
	FY 2001			FY 2002			FY 2003		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Non-ADP Equipment (>\$100K<\$500K)	33	183.36	6,051	28	171.71	4,836	41	167.76	6,878
Narrative Justification: In FY 2002, PWC Great Lakes will purchase a platform maintenance vehicle (ECC 5460) - The new truck will replace an overaged vehicle which has a life expectancy of 6 years. In FY 2003 Great Lakes will require the replacement of a overhead maintenance aerial platform truck which has exceeded life expectancy and become costly to repair and maintain. Both requirements support maintenance operations to the shore establishment. PWC Norfolk FY2002 and 2003 requirements include environmental lab equipment, reel handling trucks, fuel tanks, and maintenance platforms. Spectrometer is required for laboratory work on testing water in the Environmental Division. CESE equipment includes reel handling trucks which are used to connect and disconnect ship to shore utilities at the piers for NNSY, Norfolk Naval Station and Little Creek Amphibious Base. Maintenance platforms are used for maintenance of overhead utilities (electricity and steam), facilities repair and maintenance and shipboard maintenance and repair. Fuel trucks and refuse equipment are needed to replace over-aged equipment. This equipment is required by both PWC and customer activities to ensure continued operation of utilities and provide operational readiness. If PWC owned assets are not available, the alternative of leasing equipment locally would be significantly more expensive. In FY 2003 PWC Pearl will require replacement of averaged and deteriorating overhead maintenance trucks (ECC 725). In addition, the PWC will replace a Water Tank Truck, Track Loader, and Excavator due to age and deterioration. FY 2002/2003 environmental equipment include a front end wheel loader to support compliance requirements for biosoids; High Performance Liquid Chromatograph ; Atomic Absorption Spectrometer/HGA; Liquid Chromatograph/MS; 100BHP Portable Boiler. With new EPA regulations, the regulatory threshold for chemical contaminates continues to be reduced and the number of required analyses increases. PWC San Diego's CESE and Industrial Plant Equipment supports customer repair, construction, maintenance, utilities, transportation and environmental requirements. CESE equipment is composed primarily of specialized vehicles such as pole maintenance trucks, platform maintenance trucks, self-propelled vacuum vehicles, reel handling trucks, wreckers and cranes 20-50 ton capacity. IPE consists of specialized equipment used to support the environmental lab, hazardous waste commodity and utilities. These equipment purchases will replace equipment that is overaged or beyond economical repair. This will reduce workload delays and equipment downtimes. As of October 2001, PWC Yokosuka implemented CNO/CINCPACFLT directed Regionalization of transportation support services at all Navy bases in Japan. As such, PWC Yokosuka now supports additional Navy Transportation operations at Sasebo, Atsugi, Okinawa, and Misawa. In FY 2002 and 2003 PWC Yokosuka will require replacement of tractor trucks, fuel trucks, airfield vac cleaners, platform maintenance trucks. Replacement will provide safer, more efficient work use, better response time and less maintenance cost as well as meet expanded customer workload requirements.									

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)						A. FY 2003 President's Budget			
B. Department of the Navy/Base Support			L05 Total ADP Equip & Telecom(>\$100K<\$500K)			D. Public Works Centers			
	FY 2001			FY 2002			FY 2003		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
ADP Equipment & Telecommunications (>\$100K<\$500K)	0	0.00	0	1	300.00	300	1	350.00	350
Narrative Justification: In FY02 PWC Pearl Harbor has legacy system requirements for MAXIMO Phase VII, Field Worker Automation to utilize portable system computers for automating the assignment, execution, and tracking of MAXIMO work orders. In FY03 PWC Norfolk has a legacy system requirement to consolidate and upgrade PWC regional engineering support functions in core areas for transportation, maintenance management, utilities support, engineering and environmental services. Both requirements are legacy system upgrades in support of the DWAS financial information system. Requirements shown are part of a phasing of the MAXIMO system									

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. FY 2003 President's Budget		
B. Department of the Navy/Base Support				L06 DWAS			D. Public Works Centers		
	FY 2001			FY 2002			FY 2003		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Software Development (>\$500K)	1	2838.00	2,838	1	2612.00	2,612	1	2689.00	2,689
Narrative Justification: The Defense Working Capital Accounting System (DWAS) is a data entry accounting system that satisfies the Chief Financial Officers' Act by producing a transaction-driven Standard General Ledger. It was intended for low transaction, on line input, but has been modified to accept PWC data through various batch interfaces.									

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)						A. FY 2003 President's Budget			
B. Department of the Navy/Base Support			L07 BIMS			D. Public Works Centers			
	FY 2001			FY 2002			FY 2003		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Software Development (>\$500K)	1	608.00	608	1	608.00	608	1	608.00	608
Narrative Justification: Business Information Management System (BIMS) is a data storage and retrieval system providing PWC customers and managers with business information.									

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. FY 2003 President's Budget		
B. Department of the Navy/Base Support				L08 MAXIMO			D. Public Works Centers		
	FY 2001			FY 2002			FY 2003		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Software Development (>\$500K)	1	1316.00	1,316	1	200.00	200	1	200.00	200
Narrative Justification: There are a myriad of financial system feeders at the PWCs to support production lines, material, contracts, labor and assets. The PWCs have agreed on a corporate suite of standard systems in order to reduce the total number of diverse feeders, and thereby reduce the support maintenance costs. PWCs are migrating to the standard systems. The largest and most comprehensive of the feeders is MAXIMO, which supports production and material and is compatible with the DWAS financial system.									

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)						A. FY 2003 President's Budget			
B. Department of the Navy/Base Support			L09 Total Software Development (>\$100K<\$500K)			D. Public Works Centers			
	FY 2001			FY 2002			FY 2003		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Software Development (>\$100K<\$500K)	0	0.00	0	2	190.00	380	0	0.00	0
Narrative Justification: PWC Pearl Harbor has a need for the Meta Data Repository, Phase II to enhance the Meta Data Repository Browser to handle additional decision support system data and develop automated performance metrics. The Imaging Document Management, Phase II is needed to utilize imaging and electronic document management system to automate workflow of business process.									

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. FY 2003 President's Budget		
B. Department of the Navy/Base Support			L10 Total Minor Construction (\$>\$100K<\$500K)				D. Public Works Centers		
	FY 2001			FY 2002			FY 2003		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Minor Construction (>\$100K<\$500K)	21	285.95	6,005	22	284.45	6,258	19	348.05	6,613
Narrative Justification: <p>The current facility for storage of less than 90 day accumulation is inadequate for current hazardous waste generation and does not meet current regulatory requirements. The current facility is too small to accommodate the increased number of waste streams that have resulted from new training and industrial activities that have recently begun operation at NTC Great lakes. This increase waste generation has resulted in non-compliant storage conditions., Additionally, the existing facility non-compliant fire protection, ventilation, and secondary containment as noted in a recent inspection. This requirement is identified in the Navy Environmental Requirements Guidebook #02017 and is considered a Navy Assessment Level I legal requirement per OPNAVINST 5090.1B. The existing facility is also on the schedul for demolition June 2001. Plans are to move to temporary storage areas until the new facility is built.</p> <p>The minor construction projects at PWC Guam are to improve the maintenance and repair of the electrical power distribution system and to replace water distribution lines that are too small to provide sufficient pressure for fire protection as well as installation of emergency power at fresh water wells. In FY 2003 PWC Guam will need to construct a hardened 4 KV substations at NCTS to protect equipment from exposure and accelerated deterioration.</p> <p>PWC Norfolk minor construction projects include storage sheds, warehouse as well as utilities support facilities at various sites. Construction to currently occupied buildings support PWC Norfolk consolidation of transportation functions on the Peninsula. The SCADA projects will relocate utilities facilities on the Naval Air Station. Warehouse and support facilities projects will improve the work environment, provide safety and security and increase the effectiveness of the PWC's transportation functions.</p> <p>PWC Pearl in FY 2002 and 2003 has budgeted for the following projects: Construct Emergency Generator at various locations: Emergency power is required for compliance with Public Law 92-500 as amended by Public Law 92-217 and Hawaii State Department of Health Chapter 11-55 in order to prevent raw sewage from overflowing from the Navy's wastewater collection systems during power blackouts; Construct Oil Recycling Facility: Currently, the recyclable oil that is obtained from ship and shore activities that fails FISC requirements is disposed of through a used oil recycling contractor. The purchase and installation of an oil collection tank facility will eliminate the cost of used oil disposal via this process. Construct Enhanced Water Security project to improve security and monitoring potable water system. This projects includes security cameras, access control devices, and intrusion alarms to record unauthorized tampering with pumps, chlorine or flouride stations. Demolish a abandoned headworks facility and construct a pumper truck station to remove a deteriorating structure and improve safety and efficiency. Construction will eliminate problems associated with rocks and other unscreened objects from the raw sludge primary treatment system. Install SCADA equipment at various lift stations as well as construct emergency generator facilities at various locations in compliance with Public Law 92-500 as amended by Public Law 95-217 and Hawaii State Department of Health Chapter 11-55. Construction will bring compliance in preventing raw sewage from outflowing from the Navy's wastewater collection system. Construct fuel station with above ground fuel tanks to replace old fuel station which is leaking and is contaminating the soil. Construct a rigging building to house rigging crane, gear, and other cumbersome rigging tools. Pave and fence construction materials area to reduce hours spent by operators locating vehicles and equipment, reduce costs on pilferage and reduce maintenance repairs and improve morale and environment.</p> <p>The minor construction projects at PWC San Diego include projects to construct facilities for the PWC owned utilities (EMS/DDC, steam expansion, and repair (COGEN Plt) that will improve working conditions, increase efficiency and meet safety, environmental compliance standards. Installation of the various EMS/DDC systems will facilitate in meeting the goals as outlined in the Energy Policy Act of 1992 and Executive Order 12902 mandating the reduction of energy.</p>									

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
BASE SUPPORT
NAVY PUBLIC WORKS CENTERS
FY 2002 BUDGET ESTIMATE
PROJECTS ON THE FY 2002 PRESIDENT'S BUDGET
(Dollars in Millions)**

FY	Approved Project	PRESIDENT'S BUDGET	REPROGS	APPROVED PROJ COST	CURRENT PROJ COST	ASSET/ DEFICIENCY
2002	Equipment except ADPE and TELCOM	7.087	0.550	7.637	7.637	0.000
	Equipment - ADPE and TELCOM	0.600	-0.300	0.300	0.300	0.000
	Software Development	3.838	-0.038	3.800	3.800	0.000
	Minor Construction	5.703	0.555	6.258	6.258	0.000
	TOTAL FY 2002	17.228	0.767	17.995	17.995	0.000
	Equipment					
	ECC 8249 Crane Truck MTD HYD DED 51 Ton & Up				-1	-673 Cancelled due to higher priority
	ECC 735 Truck Reel Handling/Tensioning Powered				1	141 Required due change in workload priority
	ECC 4877 Tractor Wheel Ind DED 90 HP				-1	-103 Delayed due to higher priority
	ECC 5409 Cleaner Basin/Manhole VAC/HYD Truck MTD				-1	-180 Cancelled due to higher priority
	ECC 5460 Platform Maintenance				3	498 Required to replace aged equipment beyond economical repair
	ECC 5757 Snowplow Rollover Truck Mounted				-1	-180 Cancelled due to higher priority
	ECC 5835 Truck Refuse Collect Compact W/Hoist				1	207 Replace overaged equipment beyond economical repair
	ECC 8246 Crane Truck MTD HYD Ded 20-50 Ton				1	521 Replace overaged equipment beyond economical repair
	ECC 8249 Crane Truck MTD HYD DED 51 Ton & Up				1	2,152 Replace overaged crane beyond economical repair
	ECC 8253 Crane Whl MTD Swing CAB 4X4 15 Ton & UP				-2	-2,000 Cancelled and replaced due to revised crane requirements (ECC 8249)
	Automated Sampler Preparation				1	140 Required due to meet environmental compliance sampling
	CRANE TRUCK MTD HYD DED 51 TON&UP				-1	-702 Delay replacement to support urgent demolition workload
	TRUCK MAINTENANCE POLE & LINE DED				-1	-171 Delay replacement to support urgent demolition workload
	TRUCK OVERHD MAINT AERIAL SERV PLTFM				-1	-131 Delay replacement to support urgent demolition workload
	WATER TANK TRUCK				1	137 Replacements required to support demolition requirement
	TRACK LOADER				1	368 Replacements required to support demolition requirement
	EXCAVATOR				1	499 Replacements required to support demolition requirement
	Price Adjustments					27
	Total Equipment				2	550
	ADP					
	Network Clustering System				-1	-300 Cancelled
	Total ADP				-1	-300
	Software					
	Price Adjustments					-38 Corporate system repricing due to change in schedule
	Total Software				0	-38
	Minor Construction					
	CC260 Construct Office Space Bldg. 174 (OH)				-1	-250 No longer required due to shipyard transition requirements
	CC100 Entrance Improvement Bldg. A81 (OH)				-1	-150 Requirement was completed in FY 2001 due Shipyard transition requirements
	CC600 Fiber optic Cable (Elec)				-1	-225 Cancelled due to change in ADPE requirements
	EMS/DDC NAVSTA B-3533				-1	-499 Cancelled and incorporated into revised EMS/DD projects listed below
	EMS/DDC ASB B-50 Point Loma				-1	-375 Cancelled and incorporated into revised EMS/DD projects listed below
	EMS/DDC SUBASE B-570 Point Loma				-1	-380 Cancelled and incorporated into revised EMS/DD projects listed below
	EMS/DDC Space Warfare Sys CTR PL B-193/600/628				0	124 Revised requirements to meet delayed EMS/DDS requirements from FY2001
	EMS/DDC NASNI B-335/775				1	147 Required to meet Energy policy Act of 1992 and Executive Order 12902
	EMS/DDC Naval Medical Center B-4/5/9				1	495 Required to meet Energy policy Act of 1992 and Executive Order 12902
	Hazardous Waste Facility				1	410 Required to meet Federal Resource Conservation and Recovery Act
	Install Emergency Power, NCTS Wells				1	178 Health and safety priority to insure water supply during power outages
	Convert X275 Warehouse Space to Office (C600)				1	276 Required to comply with Environmental Act of 1969 under 32 CFR Part 775
	Construct Washrack at Yorktown (C700)				1	160 Required to meet environmental requirements contained in DOD 7000.14
	Construct Washrack at Sewells Point (C700)				1	189 Required to meet environmental requirements contained in DOD 7000.14
	Install SCADA Equipment, Various Lift Stations				1	250 Required by Public law 95-217 and State Regulations
	Build Headworks Pumper Station, Fort Kamehameha				1	225 Required to meet EPA/State environmental regs to control inorganic solids
	INSTALL REMOTE METERS PEARL HARBOR				-1	-425 Delayed to support urgent potable water security requirement
	ENHANCED WATER SECURITY				1	425 Project provides for enhanced potable water security
	Price Adjustments					-20
	Total Minor Construction				3	555
	Grand Total				4	767

**Naval Facilities
Engineering Service Center**

FY 2003 President's Budget Submission
Navy Working Capital Fund
Activity Group: Base Support/NFESC
February 2002

MISSION

The Naval Facilities Engineering Service Center (NFESC) is the Navy's Center for specialized facilities engineering and technology. Through engineering, design, construction, consultation, test and evaluation, technology demonstration and implementation, and program management support, NFESC provides solutions to problems. NFESC uses existing technology where we can, identify and adapt breakthrough technology when appropriate, and perform technology development when required. In partnership with our customers, NFESC delivers quality products and services in the areas of Shore, Ocean, and Waterfront Facilities; Environment; Amphibious and Expeditionary Operations; and Energy and Utilities in worldwide support to Navy, Marine Corps, and other DOD Agencies.

ACTIVITY GROUP FUNCTION AND TECHNICAL CAPABILITIES

The Naval Facilities Engineering Service Center is the principal Navy provider of specialized engineering services and products for shore and offshore facilities, energy and utilities, environmental support and amphibious and expeditionary systems. The work performed by NFESC is accomplished by mobilizing the proper expertise mix of personnel and other resources from these technology areas to address customer requirements.

NFESC provides a synergism of its expertise and practical field experience for the solution of field activity and fleet needs. We support a very broad range of Navy and Marine Corps customers and focus on delivering quality products and services to them. Program execution will be funded by many appropriations, but primarily from O&MN, WCF, R&D and DOD Appropriated Accounts.

The Shore Facilities area of expertise is responsible for providing innovative engineering solutions, designs, technological tools and field services to best support a viable Naval Shore Establishment. Efforts focus on waterfront facilities, aviation facilities, physical security, ordnance facilities, materials and coatings, computer aided design, facilities life cycle management, base survivability electronics thermal and power plant engineering.

The Ocean facilities department area of expertise is responsible for developing, implementing, and improving the Navy's capabilities for the design, construction, maintenance, and repair of fixed ocean facilities. Efforts focus on marine geotechniques, anchor systems, ocean structures, ocean construction, undersea warfare, underwater cable facilities, hyperbaric facilities, mooring systems, magnetic silencing facilities, underwater inspection, ocean construction equipment inventory, coastal facilities, and pipeline integrity assessment.

The Environmental area of expertise is responsible for planning, reviewing, and analyzing Navy wide functions, and assembling and deploying customized technology to meet the environmental requirements of the Naval Shore Establishment. Efforts focus on environmental restoration, waste management, environmental compliance, environmental data management, environmental technology transfer, pollution prevention, indoor air management, and oil spill program.

The Amphibious and Expeditionary area of expertise is responsible for developing and providing support and enhancement of Naval Construction Battalion and Marine Corps advanced base

construction and operations, amphibious force operations, and Marine Corps combat engineer operations. Efforts focus on amphibious systems, combat engineer system, expedient facilities, and logistics engineering.

The Energy and Utilities area of expertise is responsible for the Navy's shore Establishment's Energy program. Efforts focus on energy conservation systems, energy data management, energy technology transfer, energy and utilities management, utilities control systems, utility systems engineering, and thermal and power plant engineering.

FINANCIAL PROFILE

	<u>FY 2001</u>	<u>FY 2002</u> (\$ Millions)	<u>FY 2003</u>
Revenue	82.4	66.6	63.4
Cost of Goods Sold	85.6	68.1	62.1
Operating Results	-3.2	-1.5	1.3
Other appropriations affecting NOR/AOR	0.0	0.0	1.9
Accumulated Operating Results (AOR)	-1.7	-3.2	0.0

The decline in Revenue and Cost of Goods Sold is consistent with the budgeted decline in direct materials associated with the DOD Lock Program and the addition of work on three new programs in FY 2001 and FY 2002. New workload is in the areas of Surf Entry and Barge Offload Systems, (SEABOSS), the Logistics Information Systems (LIS), the Anti-Terrorism Force Protection (ATFP), Un-interruptible Power Supplies (UPS), and the Integrated Undersea Surveillance Program (IUSP). Additionally, NFESC will be the new program center of expertise in Critical Shore Facilities Systems.

To improve the accounting for and make the cost of government programs more visible to the American people, the Administration is proposing to align the full annual budgetary costs of resources used by programs with the budget accounts that fund the programs. To that end, the budget includes a request for a direct appropriation of \$373 million for the Navy Working Capital Fund, (of which \$1.9 million is included in the NFESC budget), to fund the full accruing cost of the Civil Service Retirement System and retiree health benefits for civilian employees in the Federal Employee Health Benefit Program. Beginning with the FY 2004 Budget, these costs will be built-into the rates charged to Working Capital Fund customers. This proposal does not increase the total costs to the Federal government, since these costs were previously funded from a central account.

WORKLOAD (Direct Labor Hours)

	<u>FY 2001</u>	<u>FY 2002</u> (Thousands)	<u>FY 2003</u>
Direct Labor Hours	422.7	468.9	455.2

The increase in direct labor hours in FY 2002 is associated with the recruitment of engineers for the Ocean, Amphibious & Expeditionary Department and the Energy Department and the increased direct labor hours associated with the work on new programs that require more organic labor. Likewise as some programs come to completion in FY 2003 direct hours will decrease slightly.

END STRENGTH/FULL TIME EQUIVALENT

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
<u>Civilian</u>			
End Strength	339	325	324
FTE	329	325	324
<u>Military</u>			
End Strength	3	3	3
FTE	3	3	3

There are no changes in either End Strength or FTEs from the FY 2002 President's budget for FY 2002. End Strength actuals were slightly lower than anticipated in FY 2001 due to natural attrition and difficulty with the hiring process.

PERFORMANCE INDICATORS

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Productivity Ratio	71.7%	81.0%	79.7%

As new programs are added to the NFESC workload and the automation of manual processes continues, indirect workyears required to support direct work is projected to decline.

STABILIZED RATES/UNIT COST

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Stabilized Rates	\$73.05	\$67.86	\$79.85
Percent Stabilized Rate Change		-7.1%	+17.7%
Unit Cost	\$84.69	\$71.86	\$75.57

The decline in the stabilized rate and unit cost in FY 2002 is primarily the result of increased direct labor hours. The increase in FY 2003 is the result of reduced direct labor hours and AOR adjustment.

CAPITAL PURCHASE PROGRAM (CPP)

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
ADP	0	0	0
Software	0	0	0
Equipment	0	100	0
Minor Construction	0	0	0
Total	0	100	0

CUSTOMER EVALUATION

NFESC uses a Customer Request Evaluation Form (CREF) implemented since FY 1998 to measure customer satisfaction. Projects referred through the Activity Liaison Officer (ALNO) program are then evaluated by the system. Based on a rating scale A-F, NFESC has received an average rating of "A" since the CREF was implemented.

INDUSTRIAL BUDGET INFORMATION SYSTEM
REVENUE and EXPENSES
AMOUNT IN MILLIONS
NFESC / TOTAL

	FY 2001 CON	FY 2002 CON	FY 2003 CON
Revenue:			
Gross Sales			
Operations	82.0	66.3	63.0
Surcharges	.0	.0	.0
Depreciation excluding Major Constructio	.4	.4	.4
Other Income			
Total Income	82.4	66.6	63.4
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	.3	.3	.3
Civilian Personnel	28.8	29.4	31.6
Travel and Transportation of Personnel	.0	3.2	3.2
Material & Supplies (Internal Operations	5.2	3.8	3.8
Equipment	.6	1.2	1.3
Other Purchases from NWCF	3.7	5.3	5.4
Transportation of Things	.0	.2	.2
Depreciation - Capital	.4	.4	.4
Printing and Reproduction	.1	.2	.2
Advisory and Assistance Services	.0	.0	.0
Rent, Communication & Utilities	.9	.6	.7
Other Purchased Services	45.3	23.6	14.9
Total Expenses	85.1	68.1	62.1
Work in Process Adjustment	.5	.0	.0
Comp Work for Activity Reten Adjustment	.0	.0	.0
Cost of Goods Sold	85.6	68.1	62.1
Operating Result	-3.2	-1.5	1.3
Less Surcharges	.0	.0	.0
Plus Appropriations Affecting NOR/AOR	.0	.0	1.9
Other Changes Affecting NOR/AOR	.0	.0	.0
Extraordinary Expenses Unmatched	.0	.0	.0
Net Operating Result	-3.2	-1.5	3.2
Other Changes Affecting AOR	.0	.0	.0
Accumulated Operating Result	-1.7	-3.2	.0

INDUSTRIAL BUDGET INFORMATION SYSTEM
NFESC / TOTAL
SOURCE of REVENUE
AMOUNT IN MILLIONS

	FY 2001 CON -----	FY 2002 CON -----	FY 2003 CON -----
1. New Orders	83	64	63
a. Orders from DoD Components	57	50	48
Department of the Navy	37	29	28
O & M, Navy	12	8	8
O & M, Marine Corps	1	2	2
O & M, Navy Reserve	0	0	0
O & M, Marine Corp Reserve	0	0	0
Aircraft Procurement, Navy	0	0	0
Weapons Procurement, Navy	0	0	0
Ammunition Procurement, Navy/MC	0	0	0
Shipbuilding & Conversion, Navy	0	0	0
Other Procurement, Navy	3	4	0
Procurement, Marine Corps	0	0	0
Family Housing, Navy/MC	0	1	1
Research, Dev., Test, & Eval., Navy	16	12	15
Military Construction, Navy	0	0	0
Other Navy Appropriations	0	0	0
Other Marine Corps Appropriations	0	0	0
Department of the Army	4	1	1
Army Operation & Maintenance	3	0	0
Army Res, Dev, Test, Eval	1	0	0
Army Procurement	0	0	0
Army Other	0	0	0
Department of the Air Force	1	1	0
Air Force Operation & Maintenance	0	0	0
Air Force Res, Dev, Test, Eval	0	0	0
Air Force Procurement	0	0	0
Air Force Other	0	0	0
DOD Appropriation Accounts	14	18	17
Base Closure & Realignment	4	4	4
Operation & Maintenance Accounts	3	4	4
Res, Dev, Test & Eval Accounts	6	7	7
Procurement Accounts	0	1	0
DOD Other	0	0	0
b. Orders from other WCF Activity Groups	17	8	10
c. Total DoD	74	59	59
d. Other Orders	8	4	4
Other Federal Agencies	6	3	2
Foreign Military Sales	1	1	1
Non Federal Agencies	0	0	0
2. Carry-In Orders	28	29	27
3. Total Gross Orders	111	93	90
a. Funded Carry-Over	29	27	27
b. Total Gross Sales	82	66	63
4. Revenue (-)	-82	-66	-63
5. End of Year Work-In-Process (-)	0	0	0
6. Direct Contract Obligations(-)	-25	-21	-17
7. Non-DoD, BRAC, FMS, DWCF Orders (-)	-2	-1	0
8. Net Funded Carryover	1	4	8
9. Months of Carryover	0.1	0.8	1.5

FY 2003 PRESIDENT'S BUDGET
Navy Working Capital Fund
Base Support/NFESC
FEBRUARY 2002
CHANGES IN THE COSTS OF OPERATIONS
(\$ in Millions)

1	FY 2001 Actuals:	85.6
2	FY 2002 President's Budget:	68.9
3	Pricing Adjustments:	
	FY 2002 CIVPERS Pay Raise	0.2
	Annualization of FY 2001 Pay Raise	0.0
4	Productivity Initiatives and Other Efficiencies:	
	Decrease in Production and G&A personnel due to Strategic Sourcing Plan	0.0
5	Program Changes:	
	Decrease in transportation costs	-1.0
6	FY 2002 Current Estimate	68.1
7	Pricing Adjustments:	
	Full funding of Federal Employee Health & Retirement Benefits	1.8
	FY2003 CIVPERS Pay Raise	0.7
	Increase Utility costs	0.2
8	Program Changes:	
	Decrease in Workload	-8.7
9	FY 2003 Current Estimate	62.1

Navy Working Capital Fund Capital Investment Summary
Component: Department of the Navy
Activity Group: Base Support/NFESC
February 2002
FY2003 President's Budget Submission
(Dollars in Millions)

Line No.	Item Description	FY 2001		FY 2002		FY 2003	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
L01	<u>Non-ADP Equipment (>\$500K) Replacement (List)</u>						
	Productivity (List)						
	New Mission (List)						
	Environmental Compliance (List)						
	Total Non-ADP Equipment (>\$500K)	0	0.000	0	0.000	0	0.000
	Total Non-ADP Equipment (>\$100K<\$500K)	0	0.000	0	0.100	0	0.000
	Grand Total Non-ADP Equipment	0	0.000	0	0.100	0	0.000
L02	<u>ADP Equipment & Telecommunications (>\$500K) (List)</u>						
		0	0.000	0	0.000	0	0.000
		0	0.000	0	0.000	0	0.000
	Total ADP Equipment & Telecommunications (>\$500K)	0	0.000	0	0.000	0	0.000
	Total ADP Equipment & Telecommunications (>\$100K<\$500K)	0	0.000	0	0.000	0	0.000
	Grand Total ADP Equipment & Telecommunications	0	0.000	0	0.000	0	0.000
	<u>Software Development (>\$500K) (List)</u>						
		0	0.000	0	0.000	0	0.000
	Total Software Development (>\$500K)	0	0.000	0	0.000	0	0.000
	Total Software Development (>\$100K<\$500K)	0	0.000	0	0.000	0	0.000
	Grand Total Software Development	0	0.000	0	0.000	0	0.000
	Total Minor Construction (>\$100K<\$500K)	0	0.000	0	0.000	0	0.000
	Total Capital Purchase Program	0	0.000	0	0.100	0	0.000

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. FY 2003 President's Budget		
B. Department of the Navy/Base Support			C. L01 Non-ADP Equip (>\$100K<\$500K)				D. Naval Facilities Engineering Service Center		
	FY 2001			FY 2002			FY 2003		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Non-ADP Equipment (>\$100K<\$500K)	0	0.00	0	1	100.00	100	0	0.00	0
Narrative Justification: The Naval Facilities Engineering Service Center (NFESC) plans to purchase a Dynamic Load System for the Advanced Waterfront Technology Test Site (AWTTS) essential to eliminate uneconomical repairs in support of RDT&E and engineering support services. This equipment includes high technology components for precision machinery, instrumentation and measurement on site and in the field. Equipment purchases will support environmental quality, energy efficiency, ocean construction, electronic projects and facilities life management products and services.									

**NAVAL FACILITIES ENGINEERING SERVICE CENTER
FY 2003 BUDGET ESTIMATE
PROJECTS ON THE FY 2002 PRESIDENT'S BUDGET
(Dollars in Millions)**

FY	Approved Project	PRESIDENT'S BUDGET	REPROGS	APPROVED PROJ COST	CURRENT PROJ COST	ASSET/ DEFICIENCY	JUSTIFICATION
2002	Equipment except ADPE and TELCOM	0.100	0.000	0.100	0.000	0.000	
	Equipment - ADPE and TELCOM	0.000	0.000	0.000	0.000	0.000	
	Software Development	0.000	0.000	0.000	0.000	0.000	
	Minor Construction	0.000	0.000	0.000	0.000	0.000	
	TOTAL FY 2002	0.100	0.000	0.100	0.000	0.000	

Navy Supply Management

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
ACTIVITY GROUP: SUPPLY MANAGEMENT
FY2003 PRESIDENT'S BUDGET

Activity Group Functions:

The Supply Management Activity Group performs inventory management functions that result in the sale of aviation and shipboard components, fuel, ships store stock, and general use consumables to a wide variety of customers. Major customers include Fleet and Marine Corps forces, Department of the Navy shore activities, Army, Air Force, Defense Agencies, and other government agencies and foreign governments. All costs related to supplying this material to the customer are recouped through stabilized rates which include cost recovery elements to cover costs such as inventory management, receipt and issue of DON managed material and Department owned retail material at distribution depots, and the depreciation of capital assets.

Activity Group Composition:

Operations costs for the following activities are funded in this Activity Group:

- Naval Inventory Control Point, Mechanicsburg/Philadelphia, PA
- Fleet and Industrial Supply Center, Norfolk, VA
- Fleet and Industrial Supply Center, San Diego, CA
- Fleet and Industrial Supply Center, Puget Sound, WA
- Fleet and Industrial Supply Center, Jacksonville, FL
- Fleet and Industrial Supply Center, Pearl Harbor, HI
- Fleet and Industrial Supply Center, Yokosuka, JP
- Fitting Out and Supply Support Assistance Center, Norfolk, VA
- Fleet Material Support Office, Mechanicsburg, PA

Executive Summary / Significant Changes in Activity Group:

Navy continues to focus on ensuring sufficient spares are available to support the needs of the Fleet. While aging weapon systems continue to increase the challenges associated with providing the right material at the right place, time, and cost, the introduction of new weapons systems will undoubtedly help stabilize demand and improve the readiness of our force. Within this budget, Navy has included an initiative designed to track the maintenance history of Aviation Depot Level Repairables. With Serial Number Tracking (SNT), the Department will do away with the paper logbooks that normally accompany such repairables as engines and enable maintainers to quickly download and correlate data to perform root cause analysis. This capability will allow our maintainers to make the proper adjustments, whether they are through engineering change proposals or simply through personnel training, and ultimately improve the reliability and cost effectiveness of material provided by the Navy Supply system. In the area of inventory management, retail

obligation authority has been reduced by \$403.4 million in FY2003 to reflect the transfer of fuel afloat to DLA. Additionally, the Department intends to pursue an initiative designed to sell off inactive inventory. The initiative is expected to achieve \$50M in proceeds, which will then be applied to the purchase of similar items required to support the Department's readiness objectives. Lastly, this budget submission reflects a continuing need for inventory augmentation. Inventory augmentation allows the Department to procure new system wholesale stock without creating an excessive burden on the customer or negatively impacting the NWCF cash balance. Inventory augmentation also permits the Department to capture total ownership costs more effectively since the funds are clearly tied to the support of the new weapon systems rather than being accounted for in the cost of operations. Last year's budget included \$125M in obligation authority and an additional \$125M has been included within this year submission. Accordingly, \$51M has also been included as a direct appropriation to pay for the inventory augmentation material that will deliver in FY03.

FY03 Annual Price Change (APC): This submission reflects an increase in prices to the warfighting customer. This increase was expected since FY2002 prices were suppressed in an effort to bring the Department's cash balance within the 7-10 cash onhand range. This reduction was accomplished by returning \$400M back to the customer accounts via reduced pricing. The composite APC for FY 2003 is 9.6% with an overall cost recovery rate (CRR) of 25.5%.

Performance Indicators

	FY 2001	FY 2002	FY2003
Items Managed	360,685	371,505	378,935
Supply Material Availability	76.4%	77.0%	77.5%
Purchase Inflation	1.8%	1.7%	1.3%
Customer Rate Changes	16.1%	-4.7%	9.6%
Composite Cost Recovery Rate	24.2%	17.1%	25.5%
Cost of Matl Sold (\$M)	2589.2	3106.4	3256.3

Financial Profile:

(Dollars in Millions)

	FY 2001	FY 2002	FY 2003
Revenue	5,590.3	5675.4	5217.4
Expenses	5,688.0	5,957.9	5307.6
Capital Surcharge	0.0	12.2	-1.3
Other Chgs Affecting NOR	10.8	358.6	0.0
Net Operating Result	-86.8	63.9	-64.1
Other Chgs Affecting AOR	54.5		
Accum. Operating Result	0.2	64.1	0.0
Projected Yearly Net Outlays	+13.5	+17.9	+349.0

Discussion of Changes:

Revenue: The marginal increase in FY02 is primarily attributable to increased wholesale sales. Wholesale sales are projected to remain strong as a result of additional material availability stemming from increased obligation authority over past two years. The decline in FY03 is driven primarily by a reduction in the Retail business area as the Department accelerates the transition of fuel (BP38) to DLA.

Expenses: FY02 increase is driven primarily by wholesale expenses (Cost of Goods Sold) and is consistent with overall sales forecast reflected above in the revenue discussion. The reduction in FY03 is related to the declining fuel business base.

Other Changes Affecting NOR: FY02 includes a substantial cash rebate (\$400M) to the customers via reduced pricing. This rebate was incorporated into FY02 rates (established last year) as a result of the Navy's healthy cash position. Additionally, to improve the accounting for and make the cost of government programs more visible to the American people, the Administration is proposing to align the full annual budgetary costs of resources used by programs with the budget accounts that fund the programs. To that end, the budget includes a request for a direct appropriation of \$373 million for the Navy Working Capital Fund (of which \$24.8 million is included in the NWCF-Supply Management budget), to fund the full accruing cost of the Civil Service Retirement System and retire health benefits for civilian employees in the Federal Employee Health Benefit Program. Beginning with the FY 2004 Budget, these costs will be built-into the rates charged to Working Capital Fund customers. This proposal does not increase the total costs to the Federal government, since these costs were previously funded from a central account.

Obligational Authority:

(Dollars in Millions)	FY 2001	FY 2002	FY2003
Wholesale	3013.7	3598.3	3579.4
Retail	1728.1	1406.7	902.6
Operating	1123.3	1347.2	1338.1
Total	5865.1	6352.2	5820.1

Discussion of Changes:

Wholesale: This submission focuses on a continued emphasis to align customer funding and demand to NWCF wholesale production and repair investments. The growth observed is associated with the need to procure inventory related to aging weapons systems, new system inductions, and to Naval readiness requirements.

Retail: This submission reflects an effort to reduce the Department's retail inventory footprint. The reduction seen in the retail business area is driven primarily by the transition of fuel to DLA.

Workload:

(Dollars in Millions)

<u>Gross Sales</u>	FY 2001	FY 2002	FY 2003
Wholesale	3755.5	4067.9	4087.9
Retail	1654.4	1379.0	890.0
Total	5410.0	5446.9	4977.9

Discussion of Changes:

Wholesale: Sales in FY02 and FY03 are higher than originally anticipated due to increased spending associated with the Flying Hour Program and other readiness related programs.

Retail: The decreases in this area are attributed to the transfer of fuel accounting to DLA.

Staffing:

	FY 2001	FY 2002	FY 2003
Civilian End Strength	5612	6158	5676
Civilian WorkYears	5599	6158	5676
Military End Strength	405	430	426
Military Work Years	426	428	428

Discussion of Changes:

Civilian Personnel: The increase in FY02 represents the migration of FMSO to Supply Management Business Area and strategic sourcing. The decrease from FY02 to FY03 is a result of our strategic sourcing efforts.

Military Personnel: Military end strength increases from FY01 to FY02 are due to the transfer of FMSO into Supply Management budget. The decrease from FY02 to FY03 is the result of resource sponsor military personnel balancing.

Unit Cost:

	FY 2001	FY 2002	FY2003
Wholesale	.991	1.079	1.064
Retail	1.052	1.028	1.026

Headquarters Cost: (Dollars in Millions)

	FY 2001	FY 2002	FY2003
Cost of Management	4.766	4.842	4.920

Capital Budget Authority: (Dollars in Million)

	FY 2001	FY 2002	FY2003
Equipment Non-ADPE/Telecom	2.457	1.650	1.760
ADPE/Telecom Equipment	1.940	3.925	2.500
Software Development	41.551	74.406	46.856
Minor Construction	1.324	1.976	1.125
Total	47.272	81.957	52.241

Discussion of Changes:

Capital Budget Authority (CPP): CPP authority in the Supply Management Activity Group reflects changes from the FY 2002 President's Budget. The FY2002 column reflects a net increase of \$23.9M driven by Enterprise Resource Planning (ERP). These additional funds were necessary to ensure certain functionality such as Item Introduction, Interchangeability and Substitutability, Variable Safety Level calculations, and Allowance Development accompanied the basic software package. These functions are essential pieces of the Department's Supply Management Business Area and permit the planned replacement of two costly legacy supply systems.

Economies and Efficiencies

Competition and Outsourcing: Supply Management budget reflects benefits associated with Navy's commitment to maximize the use of competitively sourced, long term, total life-cycle logistics support for both new and legacy systems. Navy sponsored A-76 outsourcing initiatives are focusing on utilizing best commercial practices and eliminating large-scale duplication with industry. Similarly, Performance Based Logistics (PBLs) initiatives capitalize on commercial material management expertise and include material requirements determination, expediting, transportation and warehousing.

Budget Initiative Breakout:

In FY 2002/2003, the budget continues to reflect methodology applied in previous years for recovering costs associated with transportation, depot washout and obsolescence, LECP management, testing and we have now included costs associated with Serial Number Tracking. These costs which are directly associated with material are now being recovered through material cost of goods. The breakout for FY 2002 and 2003, as recovered through pricing, is as follows:

Transportation (\$M)	FY 2002	FY 2003
BP 14	6.0	5.0
BP 34	11.3	13.7
BP 81P	9.0	6.7
BP 81R	10.6	10.0
BP 85P	39.5	34.5
BP 85R	64.7	68.2
Total	141.1	138.1

FY 2002	Obsolescence	Depot Washout
BP 14	1.0	
BP 34	20.8	
BP 81P	5.4	
BP 81R		13.1
BP 85P	10.3	
BP 85R		215.8
Total	37.5	228.9

FY 2003	Obsolescence	Depot Washout
BP 14	1.7	
BP 34	3.4	
BP 81P	2.4	
BP 81R		18.5
BP 85P	27.7	
BP 85R		231.5
Total	35.2	250.0

FY 2002	LECP NRE	TESTING
BP 14		
BP 34		6.6
BP 81P		
BP 81R	1.0	
BP 85P		2.6
BP 85R	8.3	
Total	9.3	9.2

FY 2003	LECP NRE	TESTING	SNT
BP 14			
BP 34		5.3	
BP 81P	1.0		
BP 81R			
BP 85P		1.8	
BP 85R	14.2		25.1
Total	15.2	7.1	

In conclusion, the budget submittal presented herein forms the cornerstone to a well thought out plan that enables NWCF-SM to meet the Navy's readiness requirements over the budget horizon.

This report directed the Secretary of Defense to report to Congress on the Navy's progress in 1) reducing and stabilizing prices and surcharge rates, and 2) allocating condemnation costs at the item level.

Addendum to GAO-01-23 "Prices of Navy Aviation Spare Parts Have Increased"

In response to recommendations contained in GAO-01-23 "Prices of Navy Aviation Spare Parts Have Increased" the following information is provided:

NAVSUP began extensive efforts back in FY98 timeframe to change customer perceptions associated with Cost Recovery Rate (CRR). This instituted the Cost Recovery Rate reduction effort, which resulted in the detailed review and analysis of costs and formulas associated with each CRR element. Through this process each CRR element was assigned a champion, responsible for ensuring the proper review and analysis was performed. These efforts continue today with establishment of a working group, chartered to review and analyze cost drivers associated with the CRR element associated with material maintenance. NAVSUP continues to direct focus towards reducing total costs and strives to maintain our CRR goal of $\leq 30\%$.

NAVSUP implemented a tiered pricing prototype in FY01. This methodology included more discrete allocation of condemnation costs via the focus on low survival rate items. These items, once defined, bear the majority of the cost burden with the intention of driving reliability improvements and reducing overall costs. As a result of the successful implementation in FY01 this methodology has been fully implemented in FY02. NAVSUP monitors tiered pricing progress monthly to ensure established forecasts are achieved and will continue to refine this approach as required. Ongoing initiatives, such as ABC/ABM, will enhance this methodology in the future by providing the necessary tools to more discretely define and allocate costs.

NAVY CAPITAL WORKING FUND

SUPPLY MANAGEMENT ACTIVITY GROUP

REVENUE AND EXPENSE SUMMARY

FY2003 PRESIDENT'S BUDGET SUMISSION
(Dollars in Millions)

	<u>FY 2001</u>	<u>FY2002</u>	<u>FY2003</u>
REVENUE:			
Net Sales			
Operations	5,288.8	5,296.5	4,833.6
Capital Surcharge	0.0	12.2	-1.3
Depreciation except Major Construction	34.2	45.8	53.5
Major Construction Dep	0.0	0.0	0.0
Other Income	267.3	320.9	331.6
Refunds/Discounts (-)			
Total Income:	5,590.3	5,675.4	5,217.4
EXPENSES:			
Cost of Materiel Sold from Inventory	4,678.6	4,811.1	4,077.9
Salaries and Wages:			
Military Personnel	22.0	26.5	27.5
Civilian Personnel	314.9	382.7	404.3
Travel & Transportation of Personnel	11.5	12.6	12.8
Materials & Supplies	31.1	41.7	42.8
Equipment	11.5	10.8	11.0
Other Purchases from Revolving Funds	310.8	366.2	347.4
Transportation of Things	0.0	0.0	0.0
Depreciation - Capital	34.2	50.6	53.5
Printing and Reproduction	0.0	0.2	0.2
Advisory and Assistance Services	40.8	39.2	41.9
Rent, Communication, Utilities & Misc	17.9	17.9	18.1
Other Purchased Services	99.3	92.5	167.9
Inventory Gains and Losses	-91.2	105.9	102.4
TOTAL EXPENSES	5,688.0	5,957.9	5,307.6
Operating Result	-97.6	-282.5	-90.2
Less Capital Surcharge reservation	0.0	12.2	-1.3
Plus Appro Affecting NOR/AOR	0.0	0.0	0.0
Other Changes Affecting NOR	10.8	358.6	24.8
Net Operating Result	-86.8	63.9	-64.1
Other Changes Affecting AOR	54.5		
Accumulated Operating Result	0.2	64.1	0.0

FUND 11
FEB 2002

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP
SOURCES OF REVENUE
FY2003 PRESIDENT'S BUDGET SUBMISSION
(\$ in millions)

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
a. Orders from DoD Components:			
Own Component			
1105 Military Personnel, M.C.	0.0	0.0	0.0
1106 O&M Marine Corps	12.1	8.6	1.9
1108 Reserve Personnel, M.C.	0.0	0.0	0.0
1109 Procurement, M.C.	3.7	3.6	3.7
1319 RDT & E, Navy	0.8	0.7	0.8
1405 Reserve Personnel, Navy	0.0	0.0	0.0
1453 Military Personnel, Navy	5.3	5.1	5.2
1506 Aircraft Procurement, Navy	489.6	779.1	601.6
1711 Shipbuilding & Conv. Navy	24.9	38.2	50.9
1804 O&M, Navy	3,953.3	3,532.0	3,776.4
1806 O&M, Navy Reserve	184.8	165.3	176.7
1810 Other Procurement, Navy	40.9	37.0	33.7
4930 Navy Working Capital Fund	444.1	397.1	424.5
	5,159.4	4,966.7	5,075.4
Orders from other DoD Components			
2100 Army	14.1	13.6	13.9
5700 Air Force	104.8	101.0	103.2
9700 Other DoD	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>
	119.2	114.8	117.3
b. Orders from other Fund Business Areas:			
Distribution Depots, Navy	0.0	0.0	0.0
Logistics Support, Navy	0.0	0.0	0.0
c. Total DoD	5,278.6	5,081.5	5192.7
d. Other Orders:			
Other Federal Agencies	8.5	8.2	8.3
Trust Fund	0.0	0.0	0.0
Non-Federal Agencies	0.0	0.0	0.0
Foreign Military Sales (FMS)	<u>111.5</u>	<u>107.4</u>	<u>109.7</u>
	119.9	115.5	118.1
2. Carry-In Orders	943.1	931.6	681.7
3. Total Gross Orders	6,341.6	6,128.6	5,992.4
4. Change to Backlog	931.6	681.7	1,014.5
5. Total Gross Sales*	5,410.0	5,446.9	4,977.9
Reimbursable Orders (BP 91)	267.3	320.9	331.6

*Revenue and Expense Statement reflects Net Sales

FUND 15 FEB 2002

**NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP
FUEL DATA
FY2003 PRESBUD**

FY01 Product	Procured from DFSC			Procured Locally		
	Barrels	U/P	Ext Cost	Barrels	U/P	Ext Cost
JP5	9.069	\$43.26	\$392.3	0.000	\$33.26	\$0.0
JP8	2.751	\$42.42	\$116.7	0.000	\$29.93	\$0.0
AVGAS	0.001	\$157.92	\$0.2	0.000	\$86.07	\$0.0
Distillates (DFM)	9.447	\$41.16	\$388.8	0.000	\$32.93	\$0.0
MOGAS Leaded	0.033	\$53.34	\$1.8	0.000	\$44.09	\$0.0
MOGAS Unleaded	0.483	\$45.78	\$22.1	0.020	\$33.58	\$0.7
Residual (Heating Oil)	0.554	\$27.30	\$15.1	0.030	\$15.18	\$0.5
Lube Oil	0.000	\$0.00	\$0.0	0.000	\$0.00	\$0.0
Reclaimed	0.057	\$14.70	\$0.8	0.000	\$23.62	\$0.0
TOTAL	22.395		\$937.9	0.050		\$1.1

Total Obligations

\$939.0

FY02 Product	Procured from DFSC			Procured Locally		
	Barrels	U/P	Ext Cost	Barrels	U/P	Ext Cost
JP5	6.308	\$42.84	\$270.3	0.000	\$31.16	\$0.0
JP8	1.914	\$42.00	\$80.4	0.000	\$28.03	\$0.0
AVGAS	0.001	\$54.18	\$0.1	0.000	\$80.63	\$0.0
Distillates (DFM)	6.644	\$40.32	\$267.9	0.000	\$30.85	\$0.0
MOGAS Leaded	0.024	\$49.14	\$1.2	0.000	\$41.31	\$0.0
MOGAS Unleaded	0.295	\$52.92	\$15.6	0.015	\$31.46	\$0.5
Residual (Heating Oil)	0.354	\$29.40	\$10.4	0.025	\$14.22	\$0.4
Lube Oil	0.000	\$0.00	\$0.0	0.000	\$0.00	\$0.0
Reclaimed	0.028	\$21.00	\$0.6	0.000	\$22.13	\$0.0
TOTAL	15.568		\$646.5	0.040		\$0.9

Total Obligations

\$647.4

FY03 Product	Procured from DFSC			Procured Locally		
	Barrels	U/P	Ext Cost	Barrels	U/P	Ext Cost
JP5	1.648	\$36.12	\$59.5	0.000	\$28.00	\$0.0
JP8	0.503	\$35.28	\$17.7	0.000	\$25.19	\$0.0
AVGAS	0.000	\$44.52	\$0.0	0.000	\$72.46	\$0.0
Distillates (DFM)	1.740	\$34.02	\$59.2	0.000	\$27.72	\$0.0
MOGAS Leaded	0.007	\$40.74	\$0.3	0.000	\$37.12	\$0.0
MOGAS Unleaded	0.093	\$36.12	\$3.4	0.004	\$28.27	\$0.1
Residual (Heat, oil)	0.078	\$29.40	\$2.3	0.005	\$12.78	\$0.1
Lube Oil	0.000	\$0.00	\$0.0	0.000	\$0.00	\$0.0
Reclaimed	0.005	\$24.36	\$0.1	0.000	\$19.89	\$0.0
TOTAL	4.074		\$142.5	0.009		\$0.2

Total Obligations

\$142.7

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP
SUPPLY MANAGEMENT SUMMARY- FY01
FY 2003 PRESIDENT'S BUDGET SUBMISSION - FEBRUARY 2002
OBLIGATION TARGETS

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OPERATING	MOBILIZATION	INVENTORY AUGMENT	TOTAL OBLIGATIONS	COMMITMENT TARGET	TARGET TOTAL	CREDIT SALES
BP 14										
Approved	1,012.9	149.3	149.3	115.4	0.0	0.0	115.4	8.4	123.8	4.1
Request	965.9	127.0	125.6	97.4	0.0	0.0	97.4	8.4	105.8	1.3
Delta	(47.0)	(22.3)	(23.7)	(18.0)	0.0	0.0	(18.0)	0.0	(18.0)	(2.8)
BP 15										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	(0.1)	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Delta	(0.1)	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BP 21										
Approved	18.0	84.9	84.9	84.9	0.0	0.0	84.9	6.5	91.4	0.0
Request	21.0	84.2	83.9	90.5	0.0	0.0	90.5	6.5	97.0	0.0
Delta	3.0	(0.7)	(1.0)	5.6	0.0	0.0	5.6	0.0	5.6	0.0
BP 23										
Approved	20.0	1.9	1.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	32.9	0.0	1.6	(0.5)	0.0	0.0	(0.5)	0.0	(0.5)	0.0
Delta	12.9	(1.9)	(0.3)	(0.5)	0.0	0.0	(0.5)	0.0	(0.5)	0.0
BP 25										
Approved	0.0	0.0	1.0	1.0	0.0	0.0	1.0	0.1	1.1	0.0
Request	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0
Delta	0.0	0.0	(1.0)	(1.0)	0.0	0.0	(1.0)	0.0	(1.0)	0.0
BP 28										
Approved	1,388.6	642.5	642.5	660.2	0.0	0.0	660.2	51.4	711.6	22.2
Request	1,347.9	660.6	660.6	699.1	0.0	0.0	699.1	51.4	750.5	11.7
Delta	(40.7)	18.1	18.1	38.9	0.0	0.0	38.9	0.0	38.9	(10.5)
BP 34										
Approved	395.4	320.5	321.8	246.8	0.0	0.0	246.8	79.2	326.0	3.4
Request	581.5	342.7	348.8	270.8	0.0	0.0	270.8	47.0	317.8	2.3
Delta	186.1	22.2	27.0	24.0	0.0	0.0	24.0	(32.2)	(8.2)	(1.1)
BP 38										
Approved	299.6	1,206.6	1,206.6	1,229.9	0.0	0.0	1,229.9	153.2	1,383.1	4.2
Request	292.5	895.3	896.3	939.0	0.0	0.0	939.0	141.4	1,080.4	0.3
Delta	(7.1)	(311.3)	(310.3)	(290.9)	0.0	0.0	(290.9)	(11.8)	(302.7)	(3.9)
BP 81										
Approved	5,344.5	459.0	459.0	346.2	0.0	0.0	346.2	38.5	384.7	35.0
Request	6,315.9	434.1	449.8	365.4	0.0	0.0	365.4	38.5	403.9	28.4
Delta	971.4	(24.9)	(9.2)	19.2	0.0	0.0	19.2	0.0	19.2	(6.6)
BP85										
Approved	25,377.8	2,594.9	2,460.3	2,262.0	0.0	0.0	2,262.0	404.3	2,666.3	58.7
Request	27,990.6	2,527.0	2,756.3	2,280.1	0.0	0.0	2,280.1	389.1	2,669.2	43.0
Delta	2,612.8	(67.9)	296.0	18.1	0.0	0.0	18.1	(15.2)	2.9	(15.7)
BP 91										
Approved	0.0	0.0	0.0	1,168.4	0.0	0.0	1,168.4	0.0	1,168.4	0.0
Request	0.0	0.0	0.0	1,123.3	0.0	0.0	1,123.3	0.0	1,123.3	0.0
Delta	0.0	0.0	0.0	(45.1)	0.0	0.0	(45.1)	0.0	(45.1)	0.0
TOTAL										
Approved	33,856.8	5,459.6	5,327.3	6,114.8	0.0	0.0	6,114.8	741.6	6,856.4	127.6
Request	37,548.1	5,070.9	5,323.0	5,865.1	0.0	0.0	5,865.1	682.4	6,547.5	87.0
Delta	3,691.3	(388.7)	(4.3)	(249.7)	0.0	0.0	(249.7)	(59.2)	(308.9)	(40.6)

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP
SUPPLY MANAGEMENT SUMMARY- FY02

FY 2003 PRESIDENT'S BUDGET SUBMISSION - FEBRUARY 2002
OBLIGATION TARGETS

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OPERATING	MOBILIZATION	INVENTORY AUGMENT	TOTAL OBLIGATIONS	COMMITMENT TARGET	TARGET TOTAL	CREDIT SALES
BP 14										
Approved	924.0	123.9	123.9	111.5	0.0	6.0	117.5	12.0	129.5	4.1
Request	812.5	127.2	127.2	128.4	0.0	4.4	132.8	15.0	147.8	1.4
Delta	(111.5)	3.3	3.3	16.9	0.0	(1.6)	15.3	3.0	18.3	(2.7)
BP 15										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Delta	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BP 21										
Approved	19.1	83.8	84.5	84.5	0.0	0.0	84.5	6.5	91.0	0.0
Request	22.1	83.8	83.8	83.9	0.0	0.0	83.9	6.5	90.4	0.0
Delta	3.0	0.0	(0.7)	(0.6)	0.0	0.0	(0.6)	0.0	(0.6)	0.0
BP 23										
Approved	18.9	1.1	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	32.9	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Delta	14.0	(1.1)	(1.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BP 25										
Approved	0.0	0.0	1.0	1.0	0.0	0.0	1.0	0.1	1.1	0.0
Request	0.0	0.0	1.0	1.0	0.0	0.0	1.0	0.1	1.1	0.0
Delta	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BP 28										
Approved	1,295.4	645.5	645.5	663.7	0.0	0.0	663.7	50.9	714.6	22.4
Request	1,229.6	645.5	645.5	674.4	0.0	0.0	674.4	60.3	734.7	10.7
Delta	(65.8)	0.0	0.0	10.7	0.0	0.0	10.7	9.4	20.1	(11.7)
BP 34										
Approved	389.9	257.5	267.9	268.7	0.0	33.7	302.4	114.6	417.0	3.4
Request	438.8	377.9	376.0	351.7	0.0	6.1	357.8	82.4	440.2	3.4
Delta	48.9	120.4	108.1	83.0	0.0	(27.6)	55.4	(32.2)	23.2	0.0
BP 38										
Approved	235.8	897.4	897.4	892.0	0.0	0.0	892.0	373.9	1,265.9	0.0
Request	203.4	637.9	637.9	647.4	0.0	0.0	647.4	125.1	772.5	0.0
Delta	(32.4)	(259.5)	(259.5)	(244.6)	0.0	0.0	(244.6)	(248.8)	(493.4)	0.0
BP 81										
Approved	4,737.9	423.0	428.9	338.4	0.0	20.5	358.9	53.5	412.4	35.0
Request	5,459.3	410.7	410.7	360.4	0.0	12.5	372.9	60.0	432.9	27.2
Delta	721.4	(12.3)	(18.2)	22.0	0.0	(8.0)	14.0	6.5	20.5	(7.8)
BP85										
Approved	23,088.2	2,617.2	2,715.0	2,118.9	0.0	64.9	2,183.8	495.7	2,679.5	58.7
Request	26,601.2	2,821.7	3,072.4	2,659.3	0.0	75.5	2,734.8	437.3	3,172.1	49.6
Delta	3,513.0	204.5	357.4	540.4	0.0	10.6	551.0	(58.4)	492.6	(9.1)
BP 91										
Approved	0.0	0.0	0.0	1,318.3	0.0	0.0	1,318.3	0.0	1,318.3	0.0
Request	0.0	0.0	0.0	1,347.2	0.0	0.0	1,347.2	0.0	1,347.2	0.0
Delta	0.0	0.0	0.0	28.9	0.0	0.0	28.9	0.0	28.9	0.0
TOTAL										
Approved	30,709.2	5,049.4	5,165.2	5,797.0	0.0	125.1	5,922.1	1,107.2	7,029.3	123.6
Request	34,799.7	5,104.7	5,354.6	6,253.7	0.0	98.5	6,352.2	786.7	7,138.9	92.3
Delta	4,090.5	55.3	189.4	456.7	0.0	(26.6)	430.1	(320.5)	109.6	(31.3)

NAVY WORKING CAPITAL FUND SUPPLY MANAGEMENT ACTIVITY GROUP SUPPLY MANAGEMENT SUMMARY- FY03

FY 2003 PRESIDENT'S BUDGET SUBMISSION - FEBRUARY 2002 OBLIGATION TARGETS

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OPERATING	MOBILIZATION	INVENTORY AUGMENT	TOTAL OBLIGATIONS	COMMITMENT TARGET	TARGET TOTAL	CREDIT SALES
BP 14										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	859.5	138.7	138.7	122.1	0.0	4.2	126.3	15.0	141.3	1.4
Delta	859.5	138.7	138.7	122.1	0.0	4.2	126.3	15.0	141.3	1.4
BP 15										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Delta	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BP 21										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	23.3	83.6	83.4	83.5	0.0	0.0	83.5	6.5	90.0	0.0
Delta	23.3	83.6	83.4	83.5	0.0	0.0	83.5	6.5	90.0	0.0
BP 23										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.3	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Delta	0.3	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BP 25										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	1.0	1.0	0.0	0.0	1.0	0.1	1.1	0.0
Delta	0.0	0.0	1.0	1.0	0.0	0.0	1.0	0.1	1.1	0.0
BP 28										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	1,239.4	654.6	654.6	675.4	0.0	0.0	675.4	57.5	732.9	10.8
Delta	1,239.4	654.6	654.6	675.4	0.0	0.0	675.4	57.5	732.9	10.8
BP 34										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	495.6	369.0	380.2	344.5	0.0	18.1	362.6	109.6	472.2	3.4
Delta	495.6	369.0	380.2	344.5	0.0	18.1	362.6	109.6	472.2	3.4
BP 38										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	88.0	575.4	140.2	142.7	0.0	0.0	142.7	121.8	264.5	0.0
Delta	88.0	575.4	140.2	142.7	0.0	0.0	142.7	121.8	264.5	0.0
BP 81										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	5,181.8	444.3	443.6	372.7	0.0	12.5	385.2	60.0	445.2	27.2
Delta	5,181.8	444.3	443.6	372.7	0.0	12.5	385.2	60.0	445.2	27.2
BP85										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	28,238.0	2,951.6	3,043.8	2,600.4	0.0	104.9	2,705.3	612.0	3,317.3	49.6
Delta	28,238.0	2,951.6	3,043.8	2,600.4	0.0	104.9	2,705.3	612.0	3,317.3	49.6
BP 91										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	0.0	1,338.1	0.0	0.0	1,338.1	0.0	1,338.1	0.0
Delta	0.0	0.0	0.0	1,338.1	0.0	0.0	1,338.1	0.0	1,338.1	0.0
TOTAL										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	36,125.8	5,218.3	4,885.5	5,680.4	0.0	139.7	5,820.1	982.5	6,802.6	92.4
Delta	36,125.8	5,218.3	4,885.5	5,680.4	0.0	139.7	5,820.1	982.5	6,802.6	92.4

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP
OPERATING OBLIGATIONS BY WEAPON SYSTEM (\$M)
FY03 PRESIDENT'S BUDGET SUBMISSION-FEBRUARY 2002
 BUDGET PROJECT 14
 FY2001

<u>WEAPON SYSTEM NAME</u>	<u>BASIC REPLEN</u>	<u>OUTFITTING</u>	<u>STOCK</u>	<u>SPECIAL PROGRAMS</u>	<u>TOTAL SF-3B</u>
SUBSAFE LI/ASDS/DSSP	18.8	0.1	0.1	9.5	28.5
NUCLEAR	13.3	3.0	4.4	7.5	28.2
SUBMARINE SUPPORT	11.8		0.1	5.8	17.7
HM&E	6.1			10.7	16.8
END ITEM MGT/CARPER/MS	0.1				0.1
GPETE	0.1			1.1	1.2
AEGIS/LAUNCHERS	0.8		0.1	0.6	1.5
CIWS/INTEGRATED SELF-DEFENSE	2.0		0.1	1.3	3.4
SATCOM SURVEILLANCE					0.0
 GROSS REQUIREMENTS	 53.0	 3.1	 4.8	 36.5	 97.4
 TOTAL	 53.0	 3.1	 4.8		 97.4
PROVISIONING SELLDOWN	0.0	1.5	-1.5		0.0
NET REQUIREMENTS	53.0	4.6	3.3	36.5	97.4

**NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP
OPERATING OBLIGATIONS BY WEAPON SYSTEM (\$M)
FY03 PRESIDENT'S BUDGET SUBMISSION-FEBRUARY 2002
BUDGET PROJECT 14
FY2002**

<u>WEAPON SYSTEM NAME</u>	<u>BASIC REPLEN</u>	<u>OUTFITTING</u>	<u>STOCK</u>	<u>SPECIAL PROGRAMS</u>	<u>TOTAL SF-3B</u>
NUCLEAR	15.7	3.5	5.3	6.7	31.2
* SUBSAFE LI/ASDS/DSSP	22.6	0.2	0.8	11.7	35.3
SUBMARINE SUPPORT	14.0	0.1	0.1	5.2	19.4
HM&E	7.2			36.2	43.4
END ITEM MGT/CARPER/MS	0.2				0.2
GPETE	0.1			1.1	1.2
AEGIS/LAUNCHERS	0.9			0.4	1.3
CIWS/INTEGRATED SELF-DEFENSE	2.3		0.2	0.2	2.7
SATCOM SURVEILLANCE					0.0
					0.0
 GROSS REQUIREMENTS	 63.0	 3.8	 6.4	 61.5	 134.7
					0.0
 EFFICIENCY MARKS	 -1.9				 -1.9
					0.0
 TOTAL	 61.1	 3.8	 6.4	 61.5	 132.8
 PROVISIONING SELLDOWN		 2.0	 -2.0		
 NET REQUIREMENTS	 61.1	 5.8	 4.4	 61.5	 132.8
 Special Programs					
* Sub Factory	4.5M				
Seawolf	3.4M				
TR-317 Transducer	2.7M				
 Total	 10.6M				

**NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP
OPERATING OBLIGATIONS BY WEAPON SYSTEM (\$M)
FY03 PRESIDENT'S BUDGET SUBMISSION-FEBRUARY 2002
BUDGET PROJECT 14
FY2003**

<u>WEAPON SYSTEM NAME</u>	<u>BASIC REPLEN</u>	<u>OUTFITTING</u>	<u>STOCK</u>	<u>SPECIAL PROGRAMS</u>	<u>TOTAL SF-3B</u>
NUCLEAR	15.7	3.6	5.4	6.8	31.5
* SUBSAFE LI/ASDS/DSSP	21.8	0.1	0.9	6.6	29.4
SUBMARINE SUPPORT	13.6		0.2	4.6	18.4
HM&E	7.1			35.7	42.8
END ITEM MGT/CARPER/MS	0.1				0.1
GPETE	0.1			1.6	1.7
AEGIS/LAUNCHERS	1.3			0.4	1.7
CIWS/INTEGRATED SELF-DEFENSE	2.3		0.1	1.1	3.5
SATCOM SURVEILLANCE	0.3				0.3
 GROSS REQUIREMENTS	 62.3	 3.7	 6.6	 56.8	 129.4
					0.0
					0.0
					0.0
					0.0
EFFICIENCY MARKS	-2.6		-0.5		-3.1
 TOTAL	 59.7	 3.7	 6.1	 56.8	 126.3
 PROVISIONING SELLDOWN	 0.0	 1.9	 -1.9	 0.0	 0.0
 NET REQUIREMENTS	 59.7	 5.6	 4.2	 56.8	 126.3
 Special Programs					
* TR-317 transducer	3.4M				
 Total	 3.4M				

SM-3b

**NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP
OPERATING REQUIREMENT BY WEAPON SYSTEM (\$M)
FY 03 PRESIDENT'S BUDGET SUBMISSION-FEBRUARY 2002
BUDGET PROJECT 34
FY2001 ACTUAL**

<u>WEAPON SYSTEM NAME</u>	<u>OPERATING OUTFITTING</u>	<u>SPECIAL PROGRAMS</u>	<u>BASIC REPLEN</u>	<u>TOTAL</u>
SUP EQUIP		25.0	6.5	31.5
HELOS		28.6	7.5	36.1
F14			11.8	11.8
P3		3.8	2.6	6.4
S3			6.1	6.1
A6/EA6		19.1	1.4	20.5
E2/C2			6.0	6.0
AV8		17.8	9.1	26.9
F/A18A		76.2	11.1	87.3
OTHER		5.2	1.8	7.0
TERM/CR MO			-2.0	-2.0
LECP			<u>1.3</u>	<u>1.3</u>
TOTAL		<u>175.7</u>	63.2	238.9
SYSTEM STOCK:INITIAL FOLLOW-ON				31.9
OPERATING REQUIREMENT				270.8

SM-3b

**NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP
OPERATING REQUIREMENT BY WEAPON SYSTEM (\$M)
FY 03 PRESIDENT'S BUDGET SUBMISSION-FEBRUARY 2002
BUDGET PROJECT 34
FY2002**

<u>WEAPON SYSTEM NAME</u>	<u>OPERATING OUTFITTING</u>	<u>SPECIAL PROGRAMS</u>	<u>BASIC REPLEN</u>	<u>TOTAL</u>
SUP EQUIP		6.0	14.4	20.4
HELOS		24.0	16.4	40.4
F14			25.9	25.9
P3		5.5	5.8	11.3
S3			13.3	13.3
A6/EA6		18.5	3.1	21.6
E2/C2			13.2	13.2
AV8		22.2	20.0	42.2
F/A18A		77.5	24.3	101.8
OTHER		29.0	4.0	33.0
TERM/CR MO			<u>-4.0</u>	<u>-4.0</u>
TOTAL		182.7	136.4	319.1
SYSTEM STOCK:INITIAL FOLLOW-ON				38.7
OPERATING REQUIREMENT				357.8

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP
OPERATING REQUIREMENT BY WEAPON SYSTEM (\$M)
FY 03 PRESIDENT'S BUDGET SUBMISSION-FEBRUARY 2002
BUDGET PROJECT 34
FY2003

<u>WEAPON SYSTEM NAME</u>	<u>OPERATING OUTFITTING</u>	<u>SPECIAL PROGRAMS</u>	<u>BASIC REPLEN</u>	<u>TOTAL</u>
SUP EQUIP		6.0	26.1	32.1
HELOS		8.4	29.8	38.2
F14			47.1	47.1
P3		2.0	10.6	12.6
S3			24.2	24.2
A6/EA6		18.5	5.6	24.1
E2/C2			23.9	23.9
AV8			36.2	36.2
F/A18A			44.1	44.1
OTHER		29.0	7.3	36.3
TERM/CR MO			<u>-4.0</u>	<u>-4.0</u>
TOTAL		63.9	250.9	314.8
SYSTEM STOCK:INITIAL FOLLOW-ON				47.8
OPERATING REQUIREMENT				362.6

**NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP
OPERATING OBLIGATIONS BY WEAPON SYSTEM (\$M)
FY03 PRESIDENT'S BUDGET SUBMISSION-FEBRUARY 2002
BUDGET PROJECT 81
FY2001**

<u>WEAPON SYSTEM NAME</u>	<u>BASIC REPLEN</u>	<u>OUTFITTING</u>	<u>STOCK</u>	<u>SPECIAL PROGRAMS</u>	<u>REWORK</u>	<u>TOTAL SF-3B</u>
NUCLEAR	5.3	1.1	1.5	0.5	2.1	10.5
SUBSAFE LI/ASDS/DSSP	2.9	0.2	0.2	1.1	7.0	11.4
SUBMARINE SUPPORT	4.1	5.1	1.5	29.3	39.2	79.2
HM&E	6.8	0.2	0.5	14.1	34.4	56.0
END ITEM MGT/CARPER/MS			0.1	6.5	1.4	8.0
GPETE	1.9	0.4	0.2	17.7	2.1	22.3
AEGIS/LAUNCHERS	5.8	8.0	1.8	8.5	44.9	69.0
CIWS/INTEGRATED SELF-DEFENSE	7.2	3.4	1.3	6.1	28.0	46.0
SATCOM SURVEILLANCE	11.7	14.8	3.5	4.0	33.6	67.6
						0.0
 GROSS REQUIREMENTS	 45.7	 33.2	 10.6	 87.8	 192.7	 370.0
 CREDIT MOD		-3.6	-1.4			-5.0
CONT TERM		-1.2	-0.5			-1.7
CONTRACT EFFICIENCY				-1.3		-1.3
ASSET APPLICATIONS		-6.5	-1.5			-8.0
GENERAL SLS CONSTRAINT RED	-2.3					-2.3
PBL SAVINGS OFFSET						0.0
REVERSE AUCTION				-1.3		-1.3
NULOS	15.0					15.0
 TOTAL	 58.4	 21.9	 7.2	 85.2	 192.7	 365.4
 PROVISIONING SELLDOWN	 0.0			 0.0	 0.0	 0.0
 NET REQUIREMENTS	 58.4	 21.9	 7.2	 85.2	 192.7	 365.4

**NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP
OPERATING OBLIGATIONS BY WEAPON SYSTEM (\$M)
FY03 PRESIDENT'S BUDGET SUBMISSION-FEBRUARY 2002
BUDGET PROJECT 81
FY2002**

<u>WEAPON SYSTEM NAME</u>	<u>BASIC REPLEN</u>	<u>OUTFITTING</u>	<u>STOCK</u>	<u>SPECIAL PROGRAMS</u>	<u>REWORK</u>	<u>TOTAL SF-3B</u>
NUCLEAR	5.2	1.3	1.8	0.4	2.2	10.9
* SUBSAFE LI/ASDS/DSSP	2.9	0.4	1.6	6.4	6.9	18.2
SUBMARINE SUPPORT	4.1	4.3	1.9	20.8	38.1	69.2
HM&E	6.8	0.2	0.6	12.4	34.1	54.1
** END ITEM MGT/CARPER/MS				10.6	1.4	12.0
GPETE	1.9	0.5	1.5	14.1	2.1	20.1
*** AEGIS/LAUNCHERS	5.8	8.2	1.5	12.5	44.6	72.6
CIWS/INTEGRATED SELF-DEFENSE	7.1	3.0	4.6	9.0	27.8	51.5
**** SATCOM SURVEILLANCE	11.9	8.6	4.7	13.0	33.6	71.8
 GROSS REQUIREMENTS	 45.7	 26.5	 18.2	 99.2	 190.8	 380.4
 INVENTORY EXPENSE	 -2.6	 -1.2	 -0.1	 -3.6		 -7.5
 TOTAL	 43.1	 25.3	 18.1	 95.6	 190.8	 372.9
 PROVISIONING SELLDOWN	 0.0	 5.6	 -5.6	 0.0	 0.0	 0.0
 NET REQUIREMENTS	 43.1	 30.9	 12.5	 95.6	 190.8	 372.9
Special Programs						
* Sub Factory	7.3M					
** CARPER	12.4M					
*** Sparrow Missile	1.4M					
**** OA-9123/SRC	2.3M					

**NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP
OPERATING OBLIGATIONS BY WEAPON SYSTEM (\$M)
FY03 PRESIDENT'S BUDGET SUBMISSION-FEBRUARY 2002
BUDGET PROJECT 81
FY2003**

<u>WEAPON SYSTEM NAME</u>	<u>BASIC REPLEN</u>	<u>OUTFITTING</u>	<u>STOCK</u>	<u>SPECIAL PROGRAMS</u>	<u>REWORK</u>	<u>TOTAL SF-3B</u>
NUCLEAR	5.2	1.3	1.8	0.4	2.1	10.8
* SUBSAFE LI/ASDS/DSSP	1.5	0.1	3.8	1.9	10.5	17.8
SUBMARINE SUPPORT	5.8	5.7	2.3	15.3	40.4	69.5
HM&E	4.9	0.3	0.8	13.5	37.0	56.5
** END ITEM MGT/CARPER/MS	0.1			6.5	1.3	7.9
GPETE	2.5	0.4		14.9	2.5	20.3
*** AEGIS/LAUNCHERS	6.9	10.5	2.2	9.9	52.6	82.1
CIWS/INTEGRATED SELF-DEFENSE	4.9	5.7	6.4	8.6	30.8	56.4
**** SATCOM SURVEILLANCE	14.0	16.4	3.7	8.0	39.4	81.5
 GROSS REQUIREMENTS	 45.8	 40.4	 21.0	 79.0	 216.6	 402.8
 EFFICIENCY MARKS	 -8.4	 -2.7	 -2.9	 -3.6		 -17.6
 TOTAL	 37.4	 37.7	 18.1	 75.4	 216.6	 385.2
 PROVISIONING SELLDOWN	 0.0	 5.6	 -5.6	 0.0	 0.0	 0.0
 NET REQUIREMENTS	 37.4	 43.3	 12.5	 75.4	 216.6	 385.2
 Special Programs						
* Sub Factory	1.4M					
** CARPER	7.4M					
*** Sparrow Missile	0					
**** OA-9123/SRC	0					

**NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP
OPERATING OBLIGATIONS BY WEAPON SYSTEM (\$M)
FY03 PRESIDENT'S BUDGET SUBMISSION-FEBRUARY 2002
BUDGET PROJECT 85
FY 2001 ACTUAL**

<u>WEAPON SYSTEM NAME</u>	<u>BUY IN OUTFITTING</u>	<u>SPECIAL PROGAMS</u>	<u>BASIC REPLEN</u>	<u>REPAIR</u>	<u>TOTAL</u>
A-4	-	-	1.2	3.4	4.6
SUPPT EQUIPMT	10.1	-	3.2	35.6	48.9
HELOS	83.9	53.8	54.0	542.0	733.7
F-14	-	4.7	34.7	127.8	167.2
P-3	1.7	2.0	14.0	137.3	155.0
S-3	5.3	-	11.1	69.1	85.5
A-6/EA-6	24.1	5.4	9.5	47.8	86.8
E2/C2	2.3	-	9.2	50.5	62.0
AV8	1.4	-	7.1	59.0	67.5
F/A18	174.8	109.0	52.1	404.4	740.3
COMMON A/C & AVIONICS	6.2	4.7	15.6	97.9	124.4
TERM/CR MODS	(5.0)		0.6		(4.4)
NAVAUD MARKS/PBD 437			(12.8)	25.0	12.2
REDUCTIONS FOR EFFICIENCIES	(64.1)				(64.1)
Reverse Auctions/Contracting Efficiencies			(5.3)		(5.3)
LECP'S INVESTMENT/SAVINGS			25.4	(42.3)	(16.9)
	-----	-----	-----	-----	-----
TOTAL	240.7	179.6	219.6	1,557.5	2,197.4
SYSTEM STOCK: INITIAL/FOLLOW-ON					82.7
OPERATING REQUIREMENT					2,280.1

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP
OPERATING OBLIGATIONS BY WEAPON SYSTEM (\$M)
FY03 PRESIDENT'S BUDGET SUBMISSION-FEBRUARY 2002
 BUDGET PROJECT 85
 FY 2002

<u>WEAPON SYSTEM NAME</u>	<u>BUY IN OUTFITTING</u>	<u>SPECIAL PROGAMS</u>	<u>BASIC REPLEN</u>	<u>REPAIR</u>	<u>TOTAL</u>
A-4	-	-	2.2	11.7	13.9
SUPPT EQUIPMT	8.4	0.9	6.3	49.8	65.4
HELOS	199.6	38.0	91.5	521.6	850.7
F-14	-	-	56.7	177.2	233.9
P-3	12.7	3.2	22.7	174.2	212.8
S-3	7.8	0.8	19.4	110.0	138.0
A-6/EA-6	9.2	0.9	15.7	62.3	88.1
E2/C2	3.4	0.3	16.4	61.5	81.6
AV8	-	-	9.5	60.4	69.9
F/A18	148.1	147.7	86.0	454.5	836.3
COMMON A/C & AVIONICS	5.1	2.6	24.4	130.6	162.7
TERM/CR MODS	(5.0)		0.6		(4.4)
NAVAUD Marks/ Inv Expense			(39.4)		(39.4)
REDUCTIONS FOR EFFICIENCES	(108.2)				(108.2)
Serial Number Tracking/CP3-3			11.5	6.1	17.6
Reverse Auctions/Contracting Efficiencies			(4.4)		(4.4)
Cares Focus Pool			51.0		51.0
LECP'S INVESTMENT/SAVINGS			32.9	(33.5)	(0.6)
	-----	-----	-----	-----	-----
TOTAL	281.1	194.4	403.0	1,786.4	2,664.9
SYSTEM STOCK: INITIAL/FOLLOW-ON					69.9
OPERATING REQUIREMENT					2,734.8

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP
OPERATING OBLIGATIONS BY WEAPON SYSTEM (\$M)
FY03 PRESIDENT'S BUDGET SUBMISSION-FEBRUARY 2002
BUDGET PROJECT 85
FY 2003

<u>WEAPON SYSTEM NAME</u>	<u>BUY IN OUTFITTING</u>	<u>SPECIAL PROGAMS</u>	<u>BASIC REPLEN</u>	<u>REPAIR</u>	<u>TOTAL</u>
A-4	-	-	1.5	12.1	13.6
SUPPT EQUIPMT	7.3	1.0	4.6	53.8	66.7
HELOS	283.0	39.6	63.1	521.7	907.4
F-14	-	-	38.4	184.0	222.4
P-3	0.3	0.9	15.8	172.4	189.4
S-3	7.2	1.0	13.4	112.6	134.2
A-6/EA-6	-	-	10.9	64.9	75.8
E2/C2	0.7	0.1	11.4	65.4	77.6
AV8	-	-	6.7	60.5	67.2
F/A18	136.0	125.5	59.7	440.3	761.5
COMMON A/C & AVIONICS	3.1	2.3	17.6	133.4	156.4
TERM/CR MODS	(5.0)		0.6		(4.4)
NAVAUD Marks/Inv Expense Mark			(55.6)		(55.6)
REDUCTIONS FOR EFFICIENCES	(117.1)	-			(117.1)
Serial Number Tracking/CP3-3			13.6	6.1	19.7
Reverse Auctions/Contracting Efficiencies			(2.0)		(2.0)
LECP'S INVESTMENT/SAVINGS			31.8	(25.2)	6.6
Cares Focus Pool			58.0		58.0
	-----	-----	-----	-----	-----
TOTAL	315.5	170.4	289.5	1,802.0	2,577.4
SYSTEM STOCK: INITIAL/FOLLOW-ON					127.9
OPERATING REQUIREMENT					2,705.3

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT SUMMARY
FY 2003 PRESIDENT'S BUDGET SUBMISSION - FEB 2002
(Dollars in Millions)
FY2001

	Total	Mobilization	---Peacetime--- Operating	Other
1. INVENTORY BOP	32,140.2	234.4	13,801.8	18,104.0
2. BOP INVENTORY ADJUSTMENTS	4,447.0	25.5	4,914.4	(492.9)
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	2,905.7	(2,905.7)
B. PRICE CHANGE AMOUNT (memo)	4,447.0	25.5	2,008.7	2,412.8
C. INVENTORY RECLASSIFIED AND REPRICED	36,587.2	259.9	18,716.2	17,611.1
3. RECEIPTS AT STANDARD	4,041.8	3.0	4,023.5	15.3
4. SALES AT STANDARD	5,410.0	0.0	5,410.0	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	1,351.7	0.0	1,521.8	(170.1)
B. RETURNS FROM CUSTOMERS FOR CREDIT	87.0	0.0	66.6	20.4
C. RETURNS FROM CUSTOMERS, NO CREDIT	15,954.0	0.1	7,330.8	8,623.1
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(2,799.2)	0.0	7.9	(2,807.1)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(669.7)	0.0	(49.0)	(620.7)
G. OTHER (listed in Section 9)	(11,358.5)	(26.8)	(10,164.4)	(1,167.3)
H. TOTAL ADJUSTMENTS	2,566.3	(26.7)	(1,285.4)	3,878.3
6. INVENTORY EOP	37,784.4	236.2	16,043.4	21,504.7
7. INVENTORY EOP (REVALUED)	12,875.2	204.2	6,321.4	6,349.6
A. APPROVED ACQUISITION OBJECTIVE (memo)				5,348.3
B. ECONOMIC RETENTION (memo)				413.7
C. CONTINGENCY RETENTION (memo)				395.9
D. POTENTIAL DOD REUTILIZATION (memo)				148.9
8. INVENTORY ON ORDER EOP (memo)	1,758.4	0.0	1,738.2	20.2
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(2,666.2)	0.0	(2,550.2)	(116.0)
Strata Transfers	0.0	(26.8)	1,078.1	(1,051.3)
Net/Standard Difference	(8,692.3)	0.0	(8,692.3)	0.0
Total	(11,358.5)	(26.8)	(10,164.4)	(1,167.3)

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT SUMMARY
FY 2003 PRESIDENT'S BUDGET SUBMISSION - FEB 2002
(Dollars in Millions)
FY2002

	Total	Mobilization	---Peacetime--- Operating	Other
1. INVENTORY BOP	37,784.3	236.2	16,043.4	21,504.7
2. BOP INVENTORY ADJUSTMENTS	(1,152.6)	(0.0)	2,712.7	(3,865.2)
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	3,237.6	(3,237.6)
B. PRICE CHANGE AMOUNT (memo)	(1,152.6)	(0.0)	(525.0)	(627.6)
C. INVENTORY RECLASSIFIED AND REPRICED	36,631.7	236.2	18,756.1	17,639.5
3. RECEIPTS AT STANDARD	2,623.0	0.3	2,666.0	(43.3)
4. SALES AT STANDARD	5,446.9	0.0	5,446.9	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	5.4	0.0	(12.4)	17.8
B. RETURNS FROM CUSTOMERS FOR CREDIT	92.3	0.0	43.2	49.1
C. RETURNS FROM CUSTOMERS, NO CREDIT	11,732.9	0.0	6,243.5	5,489.4
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(2,718.6)	0.0	(0.2)	(2,718.4)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(110.5)	0.0	(81.5)	(29.0)
G. OTHER (listed in Section 9)	(7,773.3)	0.0	(6,809.7)	(963.6)
H. TOTAL ADJUSTMENTS	1,228.3	0.0	(617.1)	1,845.4
6. INVENTORY EOP	35,036.1	236.5	15,358.1	19,441.6
7. INVENTORY EOP (REVALUED)	18,260.3	218.4	9,101.5	8,940.4
A. APPROVED ACQUISITION OBJECTIVE (memo)				7,791.1
B. ECONOMIC RETENTION (memo)				606.7
C. CONTINGENCY RETENTION (memo)				512.4
D. POTENTIAL DOD REUTILIZATION (memo)				30.2
8. INVENTORY ON ORDER EOP (memo)	2,005.2	0.0	1,995.7	9.5
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(261.0)	0.0	(240.8)	(20.2)
Strata Transfers	0.0	0.0	943.3	(943.3)
Net/Standard Difference	(7,512.2)	0.0	(7,512.2)	0.0
Total	(7,773.3)	0.0	(6,809.7)	(963.6)

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT SUMMARY
FY 2003 PRESIDENT'S BUDGET SUBMISSION - FEB 2002
(Dollars in Millions)
FY2003

	Total	Mobilization	---Peacetime--- Operating	Other
1. INVENTORY BOP	35,036.1	236.5	15,358.1	19,441.6
2. BOP INVENTORY ADJUSTMENTS	2,777.8	6.0	5,660.5	(2,888.7)
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	4,009.5	(4,009.5)
B. PRICE CHANGE AMOUNT (memo)	2,777.8	6.0	1,651.0	1,120.8
C. INVENTORY RECLASSIFIED AND REPRICED	37,814.0	242.5	21,018.6	16,552.9
3. RECEIPTS AT STANDARD	2,706.3	0.1	2,751.7	(45.5)
4. SALES AT STANDARD	4,977.9	0.0	4,977.9	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	(53.4)	0.0	(86.4)	33.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	92.4	0.0	45.0	47.4
C. RETURNS FROM CUSTOMERS, NO CREDIT	11,724.0	0.0	4,915.3	6,808.8
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(3,011.1)	0.0	(26.1)	(2,985.0)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(90.4)	0.0	(60.4)	(30.0)
G. OTHER (listed in Section 9)	(7,835.5)	0.0	(7,117.8)	(717.7)
H. TOTAL ADJUSTMENTS	826.0	0.0	(2,330.4)	3,156.5
6. INVENTORY EOP	36,368.2	242.6	16,461.9	19,663.9
7. INVENTORY EOP (REVALUED)	16,038.9	217.5	8,319.0	7,502.4
A. APPROVED ACQUISITION OBJECTIVE (memo)				6,548.5
B. ECONOMIC RETENTION (memo)				498.5
C. CONTINGENCY RETENTION (memo)				431.0
D. POTENTIAL DOD REUTILIZATION (memo)				24.4
8. INVENTORY ON ORDER EOP (memo)	2,323.3	0.0	2,312.9	10.4
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(191.4)	0.0	(175.5)	(16.0)
Strata Transfers	0.0	0.0	701.7	(701.7)
Net/Standard Difference	(7,644.0)	0.0	(7,644.0)	0.0
Total	(7,835.5)	0.0	(7,117.8)	(717.7)

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT INVENTORY STATUS

BUDGET PROJECT 14

FY2003 President's Budget Submission - FEB 2002

(Dollars in Millions)

FY2001

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	839.4	0.3	282.2	556.9
2. BOP INVENTORY ADJUSTMENTS	144.4	0.1	54.1	90.2
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	2.9	(2.9)
B. PRICE CHANGE AMOUNT (memo)	144.4	0.1	51.3	93.0
C. INVENTORY RECLASSIFIED AND REPRICED	983.7	0.3	336.3	647.1
3. RECEIPTS AT STANDARD	133.4	0.0	131.9	1.5
4. SALES AT STANDARD	126.9	0.0	126.9	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	12.0	0.0	10.8	1.2
B. RETURNS FROM CUSTOMERS FOR CREDIT	1.3	0.0	1.0	0.3
C. RETURNS FROM CUSTOMERS, NO CREDIT	55.9	0.0	0.0	55.9
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(50.0)	0.0	0.0	(50.0)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(37.4)	0.0	(12.3)	(25.0)
G. OTHER (listed in Section 9)	(6.0)	(0.2)	(36.2)	30.4
H. TOTAL ADJUSTMENTS	(24.2)	(0.2)	(36.8)	12.8
6. INVENTORY EOP	966.0	0.1	304.5	661.4
7. INVENTORY EOP (REVALUED)	410.6	0.1	160.1	250.4
A. APPROVED ACQUISITION OBJECTIVE (memo)				131.3
B. ECONOMIC RETENTION (memo)				42.8
C. CONTINGENCY RETENTION (memo)				74.5
D. POTENTIAL DOD REUTILIZATION (memo)				1.8
8. INVENTORY ON ORDER EOP (memo)	86.1	0.0	86.1	0.0
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(6.0)	0.0	(2.1)	(4.0)
Strata Transfers	0.0	(0.2)	(34.2)	34.4
Net/Standard Difference	0.0	0.0	0.0	0.0
Total	(6.0)	(0.2)	(36.2)	30.4

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT INVENTORY STATUS

BUDGET PROJECT 14

FY2003 President's Budget Submission - FEB 2002

(Dollars in Millions)

FY2002

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	966.0	0.1	304.5	661.4
2. BOP INVENTORY ADJUSTMENTS	(115.2)	(0.0)	(20.6)	(94.5)
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	2.6	(2.6)
B. PRICE CHANGE AMOUNT (memo)	(115.2)	(0.0)	(23.1)	(92.0)
C. INVENTORY RECLASSIFIED AND REPRICED	850.8	0.1	283.9	566.9
3. RECEIPTS AT STANDARD	104.1	0.0	104.1	0.0
4. SALES AT STANDARD	128.6	0.0	128.6	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	1.4	0.0	1.3	0.1
C. RETURNS FROM CUSTOMERS, NO CREDIT	42.9	0.0	0.0	42.9
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(57.9)	0.0	0.0	(57.9)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	(0.2)	0.0	82.2	(82.4)
H. TOTAL ADJUSTMENTS	(13.9)	0.0	83.4	(97.3)
6. INVENTORY EOP	812.5	0.1	342.9	469.6
7. INVENTORY EOP (REVALUED)	540.5	0.1	272.2	268.2
A. APPROVED ACQUISITION OBJECTIVE (memo)				141.1
B. ECONOMIC RETENTION (memo)				45.4
C. CONTINGENCY RETENTION (memo)				79.7
D. POTENTIAL DOD REUTILIZATION (memo)				2.0
8. INVENTORY ON ORDER EOP (memo)	80.9	0.0	80.9	0.0
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(0.2)	0.0	(1.1)	0.8
Strata Transfers	0.0	0.0	83.2	(83.2)
Net/Standard Difference	0.0	0.0	0.0	0.0
Total	(0.2)	0.0	82.2	(82.4)

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT INVENTORY STATUS

BUDGET PROJECT 14

FY2003 President's Budget Submission - FEB 2002

(Dollars in Millions)

FY2003

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	812.6	0.1	342.9	469.6
2. BOP INVENTORY ADJUSTMENTS	44.7	0.0	18.2	26.6
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	2.8	(2.8)
B. PRICE CHANGE AMOUNT (memo)	44.7	0.0	15.3	29.4
C. INVENTORY RECLASSIFIED AND REPRICED	857.3	0.1	361.1	496.2
3. RECEIPTS AT STANDARD	152.4	0.0	152.4	0.0
4. SALES AT STANDARD	140.1	0.0	140.1	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	1.4	0.0	1.4	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	53.7	0.0	0.0	53.7
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(64.5)	0.0	0.0	(64.5)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	(0.6)	0.0	27.0	(27.6)
H. TOTAL ADJUSTMENTS	(10.1)	0.0	28.4	(38.4)
6. INVENTORY EOP	859.6	0.1	401.8	457.7
7. INVENTORY EOP (REVALUED)	507.3	0.1	278.4	228.8
A. APPROVED ACQUISITION OBJECTIVE (memo)				120.2
B. ECONOMIC RETENTION (memo)				38.9
C. CONTINGENCY RETENTION (memo)				68.0
D. POTENTIAL DOD REUTILIZATION (memo)				1.7
8. INVENTORY ON ORDER EOP (memo)	109.9	0.0	109.9	0.0
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(0.6)	0.0	(1.4)	0.8
Strata Transfers	0.0	0.0	28.4	(28.4)
Net/Standard Difference	0.0	0.0	0.0	0.0
Total	(0.6)	0.0	27.0	(27.6)

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT INVENTORY STATUS

BUDGET PROJECT 15

FY2003 PRESIDENT'S BUDGET SUBMISSION - FEB 2002

(Dollars in Millions)

FY2001

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	0.0	0.0	0.0	0.0
2. BOP INVENTORY ADJUSTMENTS	0.0	0.0	0.0	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	0.0	0.0	0.0	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	0.0	0.0	0.0	0.0
3. RECEIPTS AT STANDARD	0.0	0.0	0.0	0.0
4. SALES AT STANDARD	0.1	0.0	0.1	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.0	0.0	0.0	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	0.0	0.0	0.0	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	0.0	0.0	0.0	0.0
H. TOTAL ADJUSTMENTS	0.0	0.0	0.0	0.0
6. INVENTORY EOP	(0.1)	0.0	(0.1)	0.0
7. INVENTORY EOP (REVALUED)	0.0	0.0	0.0	0.0
A. APPROVED ACQUISITION OBJECTIVE (memo)				
B. ECONOMIC RETENTION (memo)				
C. CONTINGENCY RETENTION (memo)				
D. POTENTIAL DOD REUTILIZATION (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	0.0			
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.0			
Strata Transfers	0.0			
Net/Standard Difference	0.0			
Total	0.0	0.0	0.0	0.0

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT INVENTORY STATUS

BUDGET PROJECT 15

FY2003 PRESIDENT'S BUDGET SUBMISSION - FEB 2002

(Dollars in Millions)

FY2002

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	(0.1)	0.0	(0.1)	0.0
2. BOP INVENTORY ADJUSTMENTS	0.0	0.0	0.0	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	0.0	0.0	0.0	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	(0.1)	0.0	(0.1)	0.0
3. RECEIPTS AT STANDARD	0.0	0.0	0.0	0.0
4. SALES AT STANDARD	0.0	0.0	0.0	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.0	0.0	0.0	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	0.0	0.0	0.0	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	0.0	0.0	0.0	0.0
H. TOTAL ADJUSTMENTS	0.0	0.0	0.0	0.0
6. INVENTORY EOP	(0.1)	0.0	(0.1)	0.0
7. INVENTORY EOP (REVALUED)	0.0	0.0	0.0	0.0
A. APPROVED ACQUISITION OBJECTIVE (memo)				
B. ECONOMIC RETENTION (memo)				
C. CONTINGENCY RETENTION (memo)				
D. POTENTIAL DOD REUTILIZATION (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	0.0			
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.0			
Strata Transfers	0.0			
Net/Standard Difference	0.0			
Total	0.0	0.0	0.0	0.0

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT INVENTORY STATUS

BUDGET PROJECT 15

FY2003 PRESIDENT'S BUDGET SUBMISSION - FEB 2002

(Dollars in Millions)

FY2003

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	(0.1)	0.0	(0.1)	0.0
2. BOP INVENTORY ADJUSTMENTS	0.0	0.0	0.0	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	0.0	0.0	0.0	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	(0.1)	0.0	(0.1)	0.0
3. RECEIPTS AT STANDARD	0.0	0.0	0.0	0.0
4. SALES AT STANDARD	0.0	0.0	0.0	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.0	0.0	0.0	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	0.0	0.0	0.0	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	0.0	0.0	0.0	0.0
H. TOTAL ADJUSTMENTS	0.0	0.0	0.0	0.0
6. INVENTORY EOP	(0.1)	0.0	(0.1)	0.0
7. INVENTORY EOP (REVALUED)	0.0			
A. APPROVED ACQUISITION OBJECTIVE (memo)				
B. ECONOMIC RETENTION (memo)				
C. CONTINGENCY RETENTION (memo)				
D. POTENTIAL DOD REUTILIZATION (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	0.0			
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.0			
Strata Transfers	0.0			
Net/Standard Difference	0.0			
Total	0.0	0.0	0.0	0.0

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT INVENTORY STATUS

BUDGET PROJECT 21

FY2003 PRESIDENT'S BUDGET SUBMISSION - FEB 2002

(Dollars in Millions)

FY2001

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	21.0	0.0	21.0	0.0
2. BOP INVENTORY ADJUSTMENTS	0.0	0.0	0.0	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	0.0		0.0	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	21.0	0.0	21.0	0.0
3. RECEIPTS AT STANDARD	83.9	0.0	83.9	0.0
4. SALES AT STANDARD	83.9	0.0	83.9	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.0	0.0	0.0	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	0.0	0.0	0.0	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	0.0	0.0	0.0	0.0
H. TOTAL ADJUSTMENTS	0.0	0.0	0.0	0.0
6. INVENTORY EOP	21.0	0.0	21.0	0.0
7. INVENTORY EOP (REVALUED)	21.0	0.0	21.0	0.0
A. APPROVED ACQUISITION OBJECTIVE (memo)				
B. ECONOMIC RETENTION (memo)				
C. CONTINGENCY RETENTION (memo)				
D. POTENTIAL DOD REUTILIZATION (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	0.0	0.0	0.0	0.0
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Net/Standard Difference	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT INVENTORY STATUS

BUDGET PROJECT 21

FY2003 PRESIDENT'S BUDGET SUBMISSION - FEB 2002

(Dollars in Millions)

FY2002

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	21.0	0.0	21.0	0.0
2. BOP INVENTORY ADJUSTMENTS	1.1	0.0	1.1	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	1.1	0.0	1.1	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	22.1	0.0	22.1	0.0
3. RECEIPTS AT STANDARD	83.8	0.0	83.8	0.0
4. SALES AT STANDARD	83.8	0.0	83.8	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.0	0.0	0.0	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	0.0	0.0	0.0	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	0.0	0.0	0.0	0.0
H. TOTAL ADJUSTMENTS	0.0	0.0	0.0	0.0
6. INVENTORY EOP	22.1	0.0	22.1	0.0
7. INVENTORY EOP (REVALUED)	0.0	0.0	0.0	0.0
A. APPROVED ACQUISITION OBJECTIVE (memo)				
B. ECONOMIC RETENTION (memo)				
C. CONTINGENCY RETENTION (memo)				
D. POTENTIAL DOD REUTILIZATION (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	0.0	0.0	0.0	0.0
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.0			
Strata Transfers	0.0			
Net/Standard Difference	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT INVENTORY STATUS

BUDGET PROJECT 21

FY2003 PRESIDENT'S BUDGET SUBMISSION - FEB 2002

(Dollars in Millions)

FY2003

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	22.1	0.0	22.1	0.0
2. BOP INVENTORY ADJUSTMENTS	1.2	0.0	1.2	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	1.2	0.0	1.2	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	23.3	0.0	23.3	0.0
3. RECEIPTS AT STANDARD	83.4	0.0	83.4	0.0
4. SALES AT STANDARD	83.4	0.0	83.4	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.0	0.0	0.0	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	0.0	0.0	0.0	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	0.0	0.0	0.0	0.0
H. TOTAL ADJUSTMENTS	0.0	0.0	0.0	0.0
6. INVENTORY EOP	23.3	0.0	23.3	0.0
7. INVENTORY EOP (REVALUED)	0.0	0.0	0.0	0.0
A. APPROVED ACQUISITION OBJECTIVE (memo)				
B. ECONOMIC RETENTION (memo)				
C. CONTINGENCY RETENTION (memo)				
D. POTENTIAL DOD REUTILIZATION (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	0.0	0.0	0.0	0.0
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.0			
Strata Transfers	0.0			
Net/Standard Difference	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT INVENTORY STATUS

BUDGET PROJECT 23

FY2003 PRESIDENT'S BUDGET SUBMISSION - FEB 2002

(Dollars in Millions)

FY2001

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	46.9	0.0	36.7	10.2
2. BOP INVENTORY ADJUSTMENTS	0.0	0.0	0.0	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	0.0			
C. INVENTORY RECLASSIFIED AND REPRICED	46.9	0.0	36.7	10.2
3. RECEIPTS AT STANDARD	0.3	0.0	0.3	0.0
4. SALES AT STANDARD	1.6	0.0	1.6	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	(20.8)	0.0	(17.3)	(3.5)
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.0	0.0	0.0	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	8.1	0.0	8.1	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	0.0	0.0	0.0	0.0
H. TOTAL ADJUSTMENTS	(12.7)	0.0	(9.2)	(3.5)
6. INVENTORY EOP	32.9	0.0	26.2	6.7
7. INVENTORY EOP (REVALUED)	0.0	0.0	0.0	0.0
A. APPROVED ACQUISITION OBJECTIVE (memo)				
B. ECONOMIC RETENTION (memo)				
C. CONTINGENCY RETENTION (memo)				
D. POTENTIAL DOD REUTILIZATION (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	0.0			
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.0			
Strata Transfers	0.0			
Net/Standard Difference	0.0			
Total	0.0	0.0	0.0	0.0

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT INVENTORY STATUS

BUDGET PROJECT 23

FY2003 PRESIDENT'S BUDGET SUBMISSION - FEB 2002

(Dollars in Millions)

FY2002

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	32.9	0.0	26.2	6.7
2. BOP INVENTORY ADJUSTMENTS	0.0	0.0	0.0	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	0.0	0.0	0.0	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	32.9	0.0	26.2	6.7
3. RECEIPTS AT STANDARD	0.1	0.0	0.1	0.0
4. SALES AT STANDARD	0.1	0.0	0.1	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.0	0.0	0.0	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	0.0	0.0	0.0	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	0.0	0.0	0.0	0.0
H. TOTAL ADJUSTMENTS	0.0	0.0	0.0	0.0
6. INVENTORY EOP	32.9	0.0	26.2	6.7
7. INVENTORY EOP (REVALUED)	0.0	0.0	0.0	0.0
A. APPROVED ACQUISITION OBJECTIVE (memo)				
B. ECONOMIC RETENTION (memo)				
C. CONTINGENCY RETENTION (memo)				
D. POTENTIAL DOD REUTILIZATION (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	0.0			

9. NARRATIVE:

Other adjustments (Total posted to line 5g):

Other Gains/Losses	0.0			
Strata Transfers	0.0			
Net/Standard Difference	0.0			
Total	0.0	0.0	0.0	0.0

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT INVENTORY STATUS

BUDGET PROJECT 23

FY2003 PRESIDENT'S BUDGET SUBMISSION - FEB 2002

(Dollars in Millions)

FY2003

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	32.9	0.0	26.2	6.7
2. BOP INVENTORY ADJUSTMENTS	0.0	0.0	0.0	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	0.0	0.0	0.0	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	32.9	0.0	26.2	6.7
3. RECEIPTS AT STANDARD	0.0	0.0	0.0	0.0
4. SALES AT STANDARD	0.0	0.0	0.0	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.0	0.0	0.0	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(32.6)	0.0	(25.9)	(6.7)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	0.0	0.0	0.0	0.0
H. TOTAL ADJUSTMENTS	(32.6)	0.0	(25.9)	(6.7)
6. INVENTORY EOP	0.3	0.0	0.3	0.0
7. INVENTORY EOP (REVALUED)	0.0	0.0	0.0	0.0
A. APPROVED ACQUISITION OBJECTIVE (memo)				
B. ECONOMIC RETENTION (memo)				
C. CONTINGENCY RETENTION (memo)				
D. POTENTIAL DOD REUTILIZATION (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	0.0			

9. NARRATIVE:

Other adjustments (Total posted to line 5g):

Other Gains/Losses	0.0			
Strata Transfers	0.0			
Net/Standard Difference	0.0			
Total	0.0	0.0	0.0	0.0

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT INVENTORY STATUS

BUDGET PROJECT 25

FY2003 PRESIDENT'S BUDGET SUBMISSION - FEB 2002

(Dollars in Millions)

FY2001

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	0.0	0.0	0.0	0.0
2. BOP INVENTORY ADJUSTMENTS	0.0	0.0	0.0	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	0.0	0.0	0.0	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	0.0	0.0	0.0	0.0
3. RECEIPTS AT STANDARD	0.0	0.0	0.0	0.0
4. SALES AT STANDARD	0.0	0.0	0.0	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.0	0.0	0.0	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	0.0	0.0	0.0	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	0.0	0.0	0.0	0.0
H. TOTAL ADJUSTMENTS	0.0	0.0	0.0	0.0
6. INVENTORY EOP	0.0	0.0	0.0	0.0
7. INVENTORY EOP (REVALUED)	0.0	0.0	0.0	0.0
A. APPROVED ACQUISITION OBJECTIVE (memo)				0.0
B. ECONOMIC RETENTION (memo)				0.0
C. CONTINGENCY RETENTION (memo)				0.0
D. POTENTIAL DOD REUTILIZATION (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	0.0	0.0	0.0	0.0
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Net/Standard Difference	0.0	0.0	0.0	0.0
Total	1.0	0.0	1.0	0.0

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT INVENTORY STATUS

BUDGET PROJECT 25

FY2003 PRESIDENT'S BUDGET SUBMISSION - FEB 2002

(Dollars in Millions)

FY2002

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	0.0	0.0	0.0	0.0
2. BOP INVENTORY ADJUSTMENTS	0.0	0.0	0.0	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	0.0	0.0	0.0	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	0.0	0.0	0.0	0.0
3. RECEIPTS AT STANDARD	1.0	0.0	1.0	0.0
4. SALES AT STANDARD	1.0	0.0	1.0	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.0	0.0	0.0	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	0.0	0.0	0.0	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	0.0	0.0	0.0	0.0
H. TOTAL ADJUSTMENTS	0.0	0.0	0.0	0.0
6. INVENTORY EOP	0.0	0.0	0.0	0.0
7. INVENTORY EOP (REVALUED)	0.0	0.0	0.0	0.0
A. APPROVED ACQUISITION OBJECTIVE (memo)				0.0
B. ECONOMIC RETENTION (memo)				0.0
C. CONTINGENCY RETENTION (memo)				0.0
D. POTENTIAL DOD REUTILIZATION (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	0.0	0.0	0.0	0.0
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Net/Standard Difference	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT INVENTORY STATUS

BUDGET PROJECT 25

FY2003 PRESIDENT'S BUDGET SUBMISSION - FEB 2002

(Dollars in Millions)

FY2003

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	0.0	0.0	0.0	0.0
2. BOP INVENTORY ADJUSTMENTS	0.0	0.0	0.0	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	0.0	0.0	0.0	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	0.0	0.0	0.0	0.0
3. RECEIPTS AT STANDARD	1.0	0.0	1.0	0.0
4. SALES AT STANDARD	1.0	0.0	1.0	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.0	0.0	0.0	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	0.0	0.0	0.0	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	0.0	0.0	0.0	0.0
H. TOTAL ADJUSTMENTS	0.0	0.0	0.0	0.0
6. INVENTORY EOP	0.0	0.0	0.0	0.0
7. INVENTORY EOP (REVALUED)	0.0	0.0	0.0	0.0
A. APPROVED ACQUISITION OBJECTIVE (memo)				0.0
B. ECONOMIC RETENTION (memo)				0.0
C. CONTINGENCY RETENTION (memo)				0.0
D. POTENTIAL DOD REUTILIZATION (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	0.0	0.0	0.0	0.0
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Net/Standard Difference	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT INVENTORY STATUS

BUDGET PROJECT 28

FY2003 PRESIDENT'S BUDGET SUBMISSION - FEB 2002

(Dollars in Millions)

FY2001

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	1,489.2	198.4	932.2	358.6
2. BOP INVENTORY ADJUSTMENTS	107.3	15.6	105.7	(14.0)
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	33.5	(33.5)
B. PRICE CHANGE AMOUNT (memo)	107.3	15.6	72.2	19.5
C. INVENTORY RECLASSIFIED AND REPRICED	1,596.5	214.0	1,037.9	344.6
3. RECEIPTS AT STANDARD	840.7	0.0	890.4	(49.7)
4. SALES AT STANDARD	672.3		672.3	
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	41.4	0.0	9.0	32.4
B. RETURNS FROM CUSTOMERS FOR CREDIT	11.7	0.0	11.7	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	106.2	0.0	15.9	90.3
D. RETURNS TO SUPPLIERS (-)	0.0			
E. TRANSFERS TO PROP. DISPOSAL (-)	(114.2)	0.0	0.0	(114.2)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(90.4)	0.0	(61.4)	(29.0)
G. OTHER (listed in Section 9)	(157.7)	0.0	(144.2)	(13.5)
H. TOTAL ADJUSTMENTS	(203.0)	0.0	(169.0)	(34.0)
6. INVENTORY EOP	1,561.9	214.0	1,087.0	260.9
7. INVENTORY EOP (REVALUED)	1,303.5	198.4	976.8	128.3
A. APPROVED ACQUISITION OBJECTIVE (memo)				0.0
B. ECONOMIC RETENTION (memo)				0.0
C. CONTINGENCY RETENTION (memo)				0.0
D. POTENTIAL DOD REUTILIZATION (memo)				128.3
8. INVENTORY ON ORDER EOP (memo)	123.1		123.1	
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(157.7)	0.0	(144.2)	(13.5)
Strata Transfers	0.0			
Net/Standard Difference	0.0	0.0	0.0	0.0
Total	(157.7)	0.0	(144.2)	(13.5)

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT INVENTORY STATUS

BUDGET PROJECT 28

FY2003 PRESIDENT'S BUDGET SUBMISSION - FEB 2002

(Dollars in Millions)

FY2002

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	1,561.9	214.0	1,087.0	260.9
2. BOP INVENTORY ADJUSTMENTS	7.8	1.1	43.2	(36.5)
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	37.8	(37.8)
B. PRICE CHANGE AMOUNT (memo)	7.8	1.1	5.4	1.3
C. INVENTORY RECLASSIFIED AND REPRICED	1,569.7	215.1	1,130.2	224.4
3. RECEIPTS AT STANDARD	745.4	0.0	795.4	(50.0)
4. SALES AT STANDARD	656.2	0.0	656.2	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	42.3	0.0	9.0	33.3
B. RETURNS FROM CUSTOMERS FOR CREDIT	10.7	0.0	10.7	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	116.0	0.0	16.0	100.0
D. RETURNS TO SUPPLIERS (-)	0.0			
E. TRANSFERS TO PROP. DISPOSAL (-)	(110.0)	0.0	0.0	(110.0)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(99.0)	0.0	(70.0)	(29.0)
G. OTHER (listed in Section 9)	(174.2)	0.0	(204.8)	30.6
H. TOTAL ADJUSTMENTS	(214.2)	0.0	(239.1)	24.9
6. INVENTORY EOP	1,444.7	215.1	1,030.3	199.3
7. INVENTORY EOP (REVALUED)	1,398.7	206.5	1,018.0	174.2
A. APPROVED ACQUISITION OBJECTIVE (memo)				173.0
B. ECONOMIC RETENTION (memo)				0.0
C. CONTINGENCY RETENTION (memo)				0.0
D. POTENTIAL DOD REUTILIZATION (memo)				1.2
8. INVENTORY ON ORDER EOP (memo)	0.0			

9. NARRATIVE:

Other adjustments (Total posted to line 5g):

Other Gains/Losses	(174.2)	0.0	(204.8)	30.6
Strata Transfers	0.0			0.0
Net/Standard Difference	0.0			
Total	(174.2)	0.0	(204.8)	30.6

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT INVENTORY STATUS

BUDGET PROJECT 28

FY2003 PRESIDENT'S BUDGET SUBMISSION - FEB 2002

(Dollars in Millions)

FY2003

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	1,444.7	215.1	1,030.3	199.3
2. BOP INVENTORY ADJUSTMENTS	23.1	3.4	48.3	(28.6)
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	32.0	(32.0)
B. PRICE CHANGE AMOUNT (memo)	23.1	3.4	16.3	3.4
C. INVENTORY RECLASSIFIED AND REPRICED	1,467.8	218.5	1,078.6	170.7
3. RECEIPTS AT STANDARD	732.2	0.0	784.2	(52.0)
4. SALES AT STANDARD	665.4	0.0	665.4	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	44.6	0.0	11.6	33.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	10.8	0.0	10.8	
C. RETURNS FROM CUSTOMERS, NO CREDIT	132.0	0.0	22.0	110.0
D. RETURNS TO SUPPLIERS (-)	0.0			
E. TRANSFERS TO PROP. DISPOSAL (-)	(90.0)	0.0	0.0	(90.0)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(80.0)	0.0	(50.0)	(30.0)
G. OTHER (listed in Section 9)	(94.1)	0.0	(133.7)	39.6
H. TOTAL ADJUSTMENTS	(76.7)	0.0	(139.3)	62.6
6. INVENTORY EOP	1,457.9	218.5	1,058.1	181.3
7. INVENTORY EOP (REVALUED)	1,253.1	206.6	1,024.9	21.6
A. APPROVED ACQUISITION OBJECTIVE (memo)				21.4
B. ECONOMIC RETENTION (memo)				0.0
C. CONTINGENCY RETENTION (memo)				0.0
D. POTENTIAL DOD REUTILIZATION (memo)				0.2
8. INVENTORY ON ORDER EOP (memo)	0.0			

9. NARRATIVE:

Other adjustments (Total posted to line 5g):

Other Gains/Losses	(94.1)	0.0	(133.7)	39.6
Strata Transfers	0.0			
Net/Standard Difference	0.0	0.0	0.0	0.0
Total	(94.1)	0.0	(133.7)	39.6

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT INVENTORY STATUS

BUDGET PROJECT 34

FY2003 PRESIDENT'S BUDGET SUBMISSION - FEB 2002

(Dollars in Millions)

FY2001

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	393.6	1.7	232.4	159.5
2. BOP INVENTORY ADJUSTMENTS	(25.2)	2.0	70.7	(97.9)
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	25.7	(25.7)
B. PRICE CHANGE AMOUNT (memo)	(25.2)	2.0	45.0	(72.2)
C. INVENTORY RECLASSIFIED AND REPRICED	368.4	3.7	303.1	61.6
3. RECEIPTS AT STANDARD	349.0	2.1	311.4	35.5
4. SALES AT STANDARD	351.1	0.0	351.1	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	102.7	0.0	39.6	63.1
B. RETURNS FROM CUSTOMERS FOR CREDIT	2.3	0.0	2.1	0.2
C. RETURNS FROM CUSTOMERS, NO CREDIT	68.4	0.1	3.4	64.9
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(36.0)	0.0	0.0	(36.0)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	102.3	0.0	72.3	30.0
G. OTHER (listed in Section 9)	(21.3)	(2.7)	(88.2)	69.6
H. TOTAL ADJUSTMENTS	218.4	(2.6)	29.2	191.8
6. INVENTORY EOP	584.7	3.2	292.6	288.9
7. INVENTORY EOP (REVALUED)	298.8	1.6	136.5	160.7
A. APPROVED ACQUISITION OBJECTIVE (memo)				114.0
B. ECONOMIC RETENTION (memo)				32.8
C. CONTINGENCY RETENTION (memo)				13.5
D. POTENTIAL DOD REUTILIZATION (memo)				0.4
8. INVENTORY ON ORDER EOP (memo)	141.2	0.0	132.8	8.4
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(21.3)	0.0	(5.9)	(15.4)
Strata Transfers	0.0	(2.7)	(82.3)	85.0
Net/Standard Difference	0.0			
Total	(21.3)	(2.7)	(88.2)	69.6

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT INVENTORY STATUS

BUDGET PROJECT 34

FY2003 PRESIDENT'S BUDGET SUBMISSION - FEB 2002

(Dollars in Millions)

FY2002

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	584.7	3.2	292.6	288.9
2. BOP INVENTORY ADJUSTMENTS	(61.1)	(0.4)	73.9	(134.6)
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	117.7	(117.7)
B. PRICE CHANGE AMOUNT (memo)	(61.1)	(0.4)	(43.8)	(16.9)
C. INVENTORY RECLASSIFIED AND REPRICED	523.6	2.8	366.5	154.3
3. RECEIPTS AT STANDARD	294.7	0.1	290.3	4.3
4. SALES AT STANDARD	379.4		379.4	
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	3.4	0.0	3.9	(0.5)
C. RETURNS FROM CUSTOMERS, NO CREDIT	48.5	0.0	2.4	46.1
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(49.1)	0.0	0.0	(49.1)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	0.0	0.0	(0.2)	0.2
H. TOTAL ADJUSTMENTS	2.8	0.0	6.1	(3.3)
6. INVENTORY EOP	441.7	2.9	283.5	155.3
7. INVENTORY EOP (REVALUED)	291.0	2.1	182.1	106.8
A. APPROVED ACQUISITION OBJECTIVE (memo)				77.0
B. ECONOMIC RETENTION (memo)				21.4
C. CONTINGENCY RETENTION (memo)				8.1
D. POTENTIAL DOD REUTILIZATION (memo)				0.3
8. INVENTORY ON ORDER EOP (memo)	180.3	0.0	175.8	4.5
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	(0.2)	0.2
Net/Standard Difference	0.0			
Total	0.0	0.0	(0.2)	0.2

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT INVENTORY STATUS

BUDGET PROJECT 34

FY2003 PRESIDENT'S BUDGET SUBMISSION -FEB 2002

(Dollars in Millions)

FY2003

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	441.7	2.9	283.5	155.3
2. BOP INVENTORY ADJUSTMENTS	9.7	0.1	42.7	(33.1)
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	35.5	(35.5)
B. PRICE CHANGE AMOUNT (memo)	9.7	0.1	7.2	2.4
C. INVENTORY RECLASSIFIED AND REPRICED	451.4	3.0	326.2	122.2
3. RECEIPTS AT STANDARD	453.3	0.0	448.4	4.9
4. SALES AT STANDARD	383.6	0.0	383.6	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	3.4	0.0	3.9	(0.5)
C. RETURNS FROM CUSTOMERS, NO CREDIT	26.9	0.0	1.3	25.6
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(52.8)	0.0	0.0	(52.8)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	0.0	0.0	0.1	(0.1)
H. TOTAL ADJUSTMENTS	(22.5)	0.0	5.3	(27.8)
6. INVENTORY EOP	498.6	3.0	396.3	99.3
7. INVENTORY EOP (REVALUED)	330.2	2.2	258.2	69.8
A. APPROVED ACQUISITION OBJECTIVE (memo)				46.6
B. ECONOMIC RETENTION (memo)				15.2
C. CONTINGENCY RETENTION (memo)				7.8
D. POTENTIAL DOD REUTILIZATION (memo)				0.2
8. INVENTORY ON ORDER EOP (memo)	204.8	0.0	199.7	5.1
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.1	(0.1)
Net/Standard Difference	0.0			
Total	0.0	0.0	0.1	(0.1)

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT INVENTORY STATUS

BUDGET PROJECT 38

FY2003 PRESIDENT'S BUDGET SUBMISSION - FEB 2002

(Dollars in Millions)

FY2001

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	236.5	0.0	177.2	59.3
2. BOP INVENTORY ADJUSTMENTS	98.7	0.0	98.7	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	98.7	0.0	98.7	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	335.2	0.0	275.9	59.3
3. RECEIPTS AT STANDARD	954.9	0.0	954.9	0.0
4. SALES AT STANDARD	896.6	0.0	896.6	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	(51.7)	0.0	(21.5)	(30.3)
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.3	0.0	0.3	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	1.1	0.0	1.1	0.0
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(0.2)	0.0	(0.2)	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(46.5)	0.0	(46.5)	0.0
G. OTHER (listed in Section 9)	(3.9)	0.0	(5.8)	1.9
H. TOTAL ADJUSTMENTS	(100.9)	0.0	(72.6)	(28.4)
6. INVENTORY EOP	292.6	0.0	261.6	30.9
7. INVENTORY EOP (REVALUED)	199.7	0.0	199.7	0.0
A. APPROVED ACQUISITION OBJECTIVE (memo)				0.0
B. ECONOMIC RETENTION (memo)				
C. CONTINGENCY RETENTION (memo)				
D. POTENTIAL DOD REUTILIZATION (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	0.0	0.0	0.0	0.0
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(3.9)	0.0	(5.8)	1.9
Strata Transfers	0.0	0.0	0.0	0.0
Net/Standard Difference	0.0	0.0	0.0	0.0
Total	(3.9)	0.0	(5.8)	1.9

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT INVENTORY STATUS

BUDGET PROJECT 38

FY2003 PRESIDENT'S BUDGET SUBMISSION - FEB 2002

(Dollars in Millions)

FY2002

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	292.5	0.0	261.6	30.9
2. BOP INVENTORY ADJUSTMENTS	(12.9)	0.0	(12.9)	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	(12.9)	0.0	(12.9)	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	279.6	0.0	248.7	30.9
3. RECEIPTS AT STANDARD	614.8	0.0	614.8	0.0
4. SALES AT STANDARD	637.9	0.0	637.9	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	(36.9)	0.0	(21.4)	(15.5)
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.0	0.0	0.0	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	1.0	0.0	1.0	0.0
D. RETURNS TO SUPPLIERS (-)	0.0			
E. TRANSFERS TO PROP. DISPOSAL (-)	(0.2)	0.0	(0.2)	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(11.5)	0.0	(11.5)	0.0
G. OTHER (listed in Section 9)	(5.5)	0.0	(5.5)	0.0
H. TOTAL ADJUSTMENTS	(53.1)	0.0	(37.6)	(15.5)
6. INVENTORY EOP	203.4	0.0	188.0	15.4
7. INVENTORY EOP (REVALUED)	275.6	0.0	275.6	0.0
A. APPROVED ACQUISITION OBJECTIVE (memo)				0.0
B. ECONOMIC RETENTION (memo)				0.0
C. CONTINGENCY RETENTION (memo)				0.0
D. POTENTIAL DOD REUTILIZATION (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	0.0			

9. NARRATIVE:

Other adjustments (Total posted to line 5g):

Other Gains/Losses	(5.5)	0.0	(5.5)	0.0
Strata Transfers	0.0			
Net/Standard Difference	0.0	0.0	0.0	0.0
Total	(5.5)	0.0	(5.5)	0.0

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT INVENTORY STATUS

BUDGET PROJECT 38

FY2003 PRESIDENT'S BUDGET SUBMISSION - FEB 2002

(Dollars in Millions)

FY2003

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	203.4	0.0	188.0	15.4
2. BOP INVENTORY ADJUSTMENTS	(18.4)	0.0	(18.4)	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	(18.4)	0.0	(18.4)	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	185.0	0.0	169.6	15.4
3. RECEIPTS AT STANDARD	159.3	0.0	159.3	0.0
4. SALES AT STANDARD	140.2	0.0	140.2	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	(98.0)	0.0	(98.0)	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.0	0.0	0.0	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.9	0.0	0.9	0.0
D. RETURNS TO SUPPLIERS (-)	0.0			
E. TRANSFERS TO PROP. DISPOSAL (-)	(0.2)	0.0	(0.2)	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(10.4)	0.0	(10.4)	0.0
G. OTHER (listed in Section 9)	(8.4)	0.0	(8.4)	0.0
H. TOTAL ADJUSTMENTS	(116.1)	0.0	(116.1)	0.0
6. INVENTORY EOP	88.0	0.0	72.6	15.4
7. INVENTORY EOP (REVALUED)	224.5	0.0	224.5	0.0
A. APPROVED ACQUISITION OBJECTIVE (memo)				0.0
B. ECONOMIC RETENTION (memo)				0.0
C. CONTINGENCY RETENTION (memo)				0.0
D. POTENTIAL DOD REUTILIZATION (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	0.0			

9. NARRATIVE:

Other adjustments (Total posted to line 5g):

Other Gains/Losses	(8.4)	0.0	(8.4)	0.0
Strata Transfers	0.0			
Net/Standard Difference	0.0	0.0	0.0	0.0
Inventory Decapitalized	0.0			
Total	(8.4)	0.0	(8.4)	0.0

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT INVENTORY STATUS

BUDGET PROJECT 81

FY2003 PRESIDENT'S BUDGET SUBMISSION - FEB 2002

(Dollars in Millions)

FY2001

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	5,369.2	17.4	2,435.8	2,916.1
2. BOP INVENTORY ADJUSTMENTS	1,122.4	3.3	512.1	607.1
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	135.7	(135.7)
B. PRICE CHANGE AMOUNT (memo)	1,122.4	3.3	376.4	742.7
C. INVENTORY RECLASSIFIED AND REPRICED	6,491.7	20.7	2,947.8	3,523.1
3. RECEIPTS AT STANDARD	240.4		253.6	(13.1)
4. SALES AT STANDARD	478.2		478.2	
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	30.6	0.0	14.0	16.6
B. RETURNS FROM CUSTOMERS FOR CREDIT	28.4		10.8	17.6
C. RETURNS FROM CUSTOMERS, NO CREDIT	1,655.9		375.0	1,280.8
D. RETURNS TO SUPPLIERS (-)	0.0			
E. TRANSFERS TO PROP. DISPOSAL (-)	(843.9)			(843.9)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(45.5)	0.0	(1.0)	(44.5)
G. OTHER (listed in Section 9)	(746.5)	(3.8)	(537.7)	(205.1)
H. TOTAL ADJUSTMENTS	78.8	(3.8)	(138.9)	221.6
6. INVENTORY EOP	6,332.8	16.9	2,584.3	3,731.6
7. INVENTORY EOP (REVALUED)	1,102.0	3.3	504.6	594.1
A. APPROVED ACQUISITION OBJECTIVE (memo)				424.6
B. ECONOMIC RETENTION (memo)				95.3
C. CONTINGENCY RETENTION (memo)				71.1
D. POTENTIAL DOD REUTILIZATION (memo)				3.1
8. INVENTORY ON ORDER EOP (memo)	174.4		174.4	
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(23.4)	0.0	(66.1)	42.7
Strata Transfers	0.0	(3.8)	251.5	(247.8)
Net/Standard Difference	(723.1)		(723.1)	
Total	(746.5)	(3.8)	(537.7)	(205.1)

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT INVENTORY STATUS

BUDGET PROJECT 81

FY2003 PRESIDENT'S BUDGET SUBMISSION - FEB 2002

(Dollars in Millions)

FY2002

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	6,332.8	16.9	2,584.3	3,731.6
2. BOP INVENTORY ADJUSTMENTS	(207.6)	(0.6)	48.9	(255.9)
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	130.8	(130.8)
B. PRICE CHANGE AMOUNT (memo)	(207.6)	(0.6)	(81.8)	(125.2)
C. INVENTORY RECLASSIFIED AND REPRICED	6,125.2	16.3	2,633.2	3,475.7
3. RECEIPTS AT STANDARD	221.9	0.0	221.9	0.0
4. SALES AT STANDARD	437.9	0.0	437.9	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	27.2	0.0	4.3	22.9
C. RETURNS FROM CUSTOMERS, NO CREDIT	1,084.0	0.0	339.7	744.3
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(901.3)	0.0	0.0	(901.3)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	(643.4)	0.0	2.6	(646.0)
H. TOTAL ADJUSTMENTS	(433.6)	0.0	346.6	(780.2)
6. INVENTORY EOP	5,475.6	16.3	2,763.8	2,695.5
7. INVENTORY EOP (REVALUED)	2,518.7	8.4	1,402.5	1,107.8
A. APPROVED ACQUISITION OBJECTIVE (memo)				799.9
B. ECONOMIC RETENTION (memo)				174.1
C. CONTINGENCY RETENTION (memo)				128.1
D. POTENTIAL DOD REUTILIZATION (memo)				5.7
8. INVENTORY ON ORDER EOP (memo)	160.1		160.1	
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(48.0)		(18.2)	(29.8)
Strata Transfers	0.0		616.2	(616.2)
Net/Standard Difference	(595.4)		(595.4)	
Total	(643.4)	0.0	2.6	(646.0)

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT INVENTORY STATUS

BUDGET PROJECT 81

FY2003 PRESIDENT'S BUDGET SUBMISSION - FEB 2002

(Dollars in Millions)

FY2003

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	5,475.5	16.3	2,763.8	2,695.5
2. BOP INVENTORY ADJUSTMENTS	431.7	2.6	365.0	64.2
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	147.1	(147.1)
B. PRICE CHANGE AMOUNT (memo)	431.7	2.6	217.9	211.3
C. INVENTORY RECLASSIFIED AND REPRICED	5,907.3	18.9	3,128.8	2,759.7
3. RECEIPTS AT STANDARD	269.1	0.0	269.1	0.0
4. SALES AT STANDARD	470.8	0.0	470.8	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	27.2	0.0	4.3	22.9
C. RETURNS FROM CUSTOMERS, NO CREDIT	1,178.4	0.0	389.6	788.8
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(1,015.8)	0.0	0.0	(1,015.8)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	(694.7)	0.0	(213.9)	(480.8)
H. TOTAL ADJUSTMENTS	(504.9)	0.0	180.0	(684.9)
6. INVENTORY EOP	5,200.5	18.9	3,107.0	2,074.8
7. INVENTORY EOP (REVALUED)	1,907.4	7.5	1,230.1	669.8
A. APPROVED ACQUISITION OBJECTIVE (memo)				481.2
B. ECONOMIC RETENTION (memo)				106.4
C. CONTINGENCY RETENTION (memo)				78.8
D. POTENTIAL DOD REUTILIZATION (memo)				3.4
8. INVENTORY ON ORDER EOP (memo)	247.3		247.3	
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(52.2)		(19.8)	(32.4)
Strata Transfers	0.0		448.4	(448.4)
Net/Standard Difference	(642.5)		(642.5)	
Total	(694.7)	0.0	(213.9)	(480.8)

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT INVENTORY STATUS

BUDGET PROJECT 85

FY2003 PRESIDENT'S BUDGET SUBMISSION - FEB 2002

(Dollars in Millions)

FY2001

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	23,744.4	16.6	9,684.4	14,043.4
2. BOP INVENTORY ADJUSTMENTS	2,999.4	4.6	4,073.1	(1,078.3)
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	2,708.0	(2,708.0)
B. PRICE CHANGE AMOUNT (memo)	2,999.4	4.6	1,365.1	1,629.7
C. INVENTORY RECLASSIFIED AND REPRICED	26,743.8	21.2	13,757.5	12,965.1
3. RECEIPTS AT STANDARD	1,439.2	0.9	1,397.1	41.2
4. SALES AT STANDARD	2,799.3	0.0	2,799.3	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	1,237.6	0.0	1,487.2	(249.6)
B. RETURNS FROM CUSTOMERS FOR CREDIT	43.0	0.0	40.7	2.3
C. RETURNS FROM CUSTOMERS, NO CREDIT	14,066.6	0.0	6,935.4	7,131.2
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(1,763.0)	0.0	0.0	(1,763.0)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(552.2)	0.0	0.0	(552.2)
G. OTHER (listed in Section 9)	(10,423.1)	(20.1)	(9,352.3)	(1,050.7)
H. TOTAL ADJUSTMENTS	2,608.9	(20.1)	(889.0)	3,518.0
6. INVENTORY EOP	27,992.6	2.0	11,466.3	16,524.3
7. INVENTORY EOP (REVALUED)	9,539.6	0.8	4,322.7	5,216.1
A. APPROVED ACQUISITION OBJECTIVE (memo)				4,678.4
B. ECONOMIC RETENTION (memo)				285.6
C. CONTINGENCY RETENTION (memo)				236.8
D. POTENTIAL DOD REUTILIZATION (memo)				15.3
8. INVENTORY ON ORDER EOP (memo)	1,233.5	0.0	1,221.7	11.8
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(2,453.9)	0.0	(2,326.1)	(127.8)
Strata Transfers	0.0	(20.1)	943.0	(922.9)
Net/Standard Difference	(7,969.2)	0.0	(7,969.2)	0.0
Total	(10,423.1)	(20.1)	(9,352.3)	(1,050.7)

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT INVENTORY STATUS

BUDGET PROJECT 85

FY2003 PRESIDENT'S BUDGET SUBMISSION - FEB 2002

(Dollars in Millions)

FY2002

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	27,992.6	2.0	11,466.3	16,524.3
2. BOP INVENTORY ADJUSTMENTS	(764.7)	(0.1)	2,579.0	(3,343.6)
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	2,948.8	(2,948.8)
B. PRICE CHANGE AMOUNT (memo)	(764.7)	(0.1)	(369.8)	(394.8)
C. INVENTORY RECLASSIFIED AND REPRICED	27,227.9	1.9	14,045.3	13,180.7
3. RECEIPTS AT STANDARD	557.2	0.2	554.6	2.4
4. SALES AT STANDARD	3,122.0	0.0	3,122.0	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	49.6	0.0	23.0	26.6
C. RETURNS FROM CUSTOMERS, NO CREDIT	10,440.5	0.0	5,884.4	4,556.1
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(1,600.0)	0.0	0.0	(1,600.0)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	(6,949.9)	0.0	(6,683.9)	(266.0)
H. TOTAL ADJUSTMENTS	1,940.2	0.0	(776.5)	2,716.7
6. INVENTORY EOP	26,603.3	2.1	10,701.4	15,899.8
7. INVENTORY EOP (REVALUED)	13,235.8	1.3	5,951.1	7,283.4
A. APPROVED ACQUISITION OBJECTIVE (memo)				6,600.1
B. ECONOMIC RETENTION (memo)				365.8
C. CONTINGENCY RETENTION (memo)				296.5
D. POTENTIAL DOD REUTILIZATION (memo)				21.0
8. INVENTORY ON ORDER EOP (memo)	1,583.9	0.0	1,578.9	5.0
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(33.1)	0.0	(11.2)	(21.9)
Strata Transfers	0.0	0.0	244.1	(244.1)
Net/Standard Difference	(6,916.8)	0.0	(6,916.8)	0.0
Total	(6,949.9)	0.0	(6,683.9)	(266.0)

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT INVENTORY STATUS

BUDGET PROJECT 85

FY2003 PRESIDENT'S BUDGET SUBMISSION - FEB 2002

(Dollars in Millions)

FY2003

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	26,603.3	2.1	10,701.4	15,899.8
2. BOP INVENTORY ADJUSTMENTS	2,285.7	(0.1)	5,203.5	(2,917.7)
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	3,792.0	(3,792.0)
B. PRICE CHANGE AMOUNT (memo)	2,285.7	(0.1)	1,411.5	874.3
C. INVENTORY RECLASSIFIED AND REPRICED	28,889.0	2.0	15,904.9	12,982.1
3. RECEIPTS AT STANDARD	855.6	0.1	853.9	1.6
4. SALES AT STANDARD	3,093.4	0.0	3,093.4	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	49.6	0.0	24.6	25.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	10,332.2	0.0	4,501.5	5,830.7
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(1,755.2)	0.0	0.0	(1,755.2)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	(7,037.7)	0.0	(6,788.9)	(248.8)
H. TOTAL ADJUSTMENTS	1,588.9	0.0	(2,262.8)	3,851.7
6. INVENTORY EOP	28,240.1	2.1	11,402.6	16,835.4
7. INVENTORY EOP (REVALUED)	11,816.4	1.1	5,302.9	6,512.4
A. APPROVED ACQUISITION OBJECTIVE (memo)				5,879.1
B. ECONOMIC RETENTION (memo)				338.0
C. CONTINGENCY RETENTION (memo)				276.4
D. POTENTIAL DOD REUTILIZATION (memo)				18.9
8. INVENTORY ON ORDER EOP (memo)	1,761.3	0.0	1,756.0	5.3
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(36.2)	0.0	(12.2)	(24.0)
Strata Transfers	0.0	0.0	224.8	(224.8)
Net/Standard Difference	(7,001.5)	0.0	(7,001.5)	0.0
Total	(7,037.7)	0.0	(6,788.9)	(248.8)

SUPPLY MANAGEMENT ACTIVITY GROUP
 WHOLESALE COST RECOVERY RATE CALCULATION
 FY03 PRESIDENT'S BUDGET SUBMISSION
 (DOLLARS IN MILLIONS)

FEBRUARY 2002
 SM-5B

SHIPS/AVIATION	FY 01	FY02	FY03
1. Net sales at Cost	2589.2	3106.4	3256.3
2. Less: Material Inflation Adj	125.5	44.3	48.8
3. Revised Net Sales at Cost	2463.7	3062.1	3207.5
4. Surcharge (\$)	626.5	530.4	831.3
5. Change to Customers			
a. Previous Year's Surcharge (%)	0.123	0.246	0.171
b. This year's Surcharge and material inflation divided by line 3 above (\$)	0.305	0.188	0.274
c. Percent change to customer	16.1%	-4.7%	9.6%

SUPPLY MANAGEMENT ACTIVITY GROUP
 WHOLESALE COST RECOVERY RATE CALCULATION
 FY03 PRESIDENT'S BUDGET SUBMISSION
 (DOLLARS IN MILLIONS)

FEBRUARY 2002
 SM-5B

BP14-SHIPS CONSUMABLES	FY 01	FY02	FY 03
1. Net sales at Cost	109.9	113.7	113.9
2. Less: Material Inflation Adj	5.2	5.4	1.4
3. Revised Net Sales at Cost	104.7	108.3	112.4
4. Surcharge (\$)	36.0	14.3	26.2
5. Change to Customers			
a. Previous Year's Surcharge (%)	0.169	0.328	0.126
b. This year's Surcharge and material inflation divided by line 3 above (\$)	0.394	0.182	0.246
c. Percent change to customer	19.2%	-10.9%	10.7%

SUPPLY MANAGEMENT ACTIVITY GROUP
 WHOLESALE COST RECOVERY RATE CALCULATION
 FY03 PRESIDENT'S BUDGET SUBMISSION
 (DOLLARS IN MILLIONS)

FEBRUARY 2002
 SM-5B

BP34-AVIATION CONSUMABLES	FY 01	FY02	FY 03
1. Net sales at Cost	203.4	250.8	319.2
2. Less: Material Inflation Adj	4.2	8.4	-26.8
3. Revised Net Sales at Cost	199.2	242.4	346.0
4. Surcharge (\$)	53.7	20.5	64.4
5. Change to Customers			
a. Previous Year's Surcharge (%)	0.089	0.264	0.082
b. This year's Surcharge and material inflation divided by line 3 above (\$)	0.291	0.119	0.109
c. Percent change to customer	18.5%	-11.5%	2.5%

SUPPLY MANAGEMENT ACTIVITY GROUP
 WHOLESALE COST RECOVERY RATE CALCULATION
 FY03 PRESIDENT'S BUDGET SUBMISSION
 (DOLLARS IN MILLIONS)

FEBRUARY 2002
 SM-5B

BP81-SHIPS REPAIRABLES	FY 01	FY02	FY 03
1. Net sales at Cost	369.6	386.5	356.7
2. Less: Material Inflation Adj	13.9	7.2	12.7
3. Revised Net Sales at Cost	355.7	379.3	344.1
4. Surcharge (\$)	99.6	77.4	114.0
5. Change to Customers			
a. Previous Year's Surcharge (%)	0.115	0.269	0.200
b. This year's Surcharge and material inflation divided by line 3 above (\$)	0.319	0.223	0.368
c. Percent change to customer	18.8%	-3.6%	14.6%

SUPPLY MANAGEMENT ACTIVITY GROUP
 WHOLESALE COST RECOVERY RATE CALCULATION
 FY03 PRESIDENT'S BUDGET SUBMISSION
 (DOLLARS IN MILLIONS)

FEBRUARY 2002
 SM-5B

BP85-AVIATION REPAIRABLES	FY 01	FY02	FY 03
1. Net sales at Cost	1906.1	2355.5	2466.5
2. Less: Material Inflation Adj	102.0	23.3	61.5
3. Revised Net Sales at Cost	1804.1	2332.3	2405.0
4. Surcharge (\$)	437.1	418.0	626.7
5. Change to Customers			
a. Previous Year's Surcharge (%)	0.126	0.237	0.177
b. This year's Surcharge and material inflation divided by line 3 above (\$)	0.299	0.189	0.286
c. Percent change to customer	15.2%	-3.8%	9.7%

**NAVY SUPPLY MANAGEMENT
WAR RESERVE MATERIAL (WRM) STOCKPILE
FY03 PRESIDENT'S BUDGET SUBMISSION**

FY2001
(\$ in millions)

STOCKPILE STATUS	<u>Total</u>	<u>WRM Protected</u>	<u>WRM Other</u>
1. Inventory BOP @ std	234.4	234.4	
2. Price Change	25.5	25.5	
3. Reclassification	0.0	0.0	
4. Inventory Changes	(23.7)	(23.7)	0.0
a. Receipts @ std	3.1	3.1	0.0
(1). Purchases	3.0	3.0	
(2). Returns from customers	0.1	0.1	
b. Issues @ std	0.0	0.0	0.0
(1). Sales	0.0	0.0	
(2). Returns to suppliers	0.0	0.0	
(3). Disposals	0.0	0.0	
(4). Issues/receipts w/o ADJs	0.0	0.0	
c. Adjustments @ std	(26.8)	(26.8)	0.0
(1). Capitalizations	0.0	0.0	
(2). Gains and losses	0.0	0.0	
(3). Other	(26.8)	(26.8)	
5. Inventory EOP	236.2	236.2	

STOCKPILE COSTS

1. Storage	0.2
2. Management	0.0
3. Maintenance/Other	0.0
Total Cost	0.2

WRM BUDGET REQUEST

1. Obligations @ cost	0.2
a. Additional WRM	0.2
b. Replen. WRM	0.0
c. Repair WRM	0.0
d. Assemble/Disassemble	0.0
e. Other	0.0
Total Request	0.2

**NAVY SUPPLY MANAGEMENT
WAR RESERVE MATERIAL (WRM) STOCKPILE
FY03 PRESIDENT'S BUDGET SUBMISSION**

FY2002
(\$ in millions)

STOCKPILE STATUS	<u>Total</u>	<u>WRM Protected</u>	<u>WRM Other</u>
1. Inventory BOP @ std	236.2	236.2	
2. Price Change	(0.0)	(0.0)	
3. Reclassification	0.0	0.0	
6. Inventory Changes	0.3	0.3	0.0
a. Receipts @ std	0.3	0.3	0.0
(1). Purchases	0.3	0.3	
(2). Returns from customers	0.0	0.0	
b. Issues @ std	0.0	0.0	0.0
(1). Sales	0.0	0.0	
(2). Returns to suppliers	0.0	0.0	
(3). Disposals	0.0	0.0	
(4). Issues/receipts w/o ADJs	0.0	0.0	
c. Adjustments @ std	0.0	0.0	0.0
(1). Capitalizations	0.0	0.0	
(2). Gains and losses	0.0	0.0	
(3). Other	0.0	0.0	
7. Inventory EOP	236.5	236.5	

STOCKPILE COSTS

1. Storage	0.2
2. Management	0.0
3. Maintenance/Other	0.0
Total Cost	0.2

WRM BUDGET REQUEST

1. Obligations @ cost	0.2
a. Additional WRM	0.2
b. Replen. WRM	0.0
c. Repair WRM	0.0
d. Assemble/Disassemble	0.0
e. Other	0.0
Total Request	0.2

**NAVY SUPPLY MANAGEMENT
WAR RESERVE MATERIAL (WRM) STOCKPILE
FY03 PRESIDENT'S BUDGET SUBMISSION**

FY2003
(\$ in millions)

STOCKPILE STATUS	<u>Total</u>	<u>WRM Protected</u>	<u>WRM Other</u>
1. Inventory BOP @ std	236.5	236.5	
2. Price Change	6.0	6.0	
3. Reclassification	0.0	0.0	
6. Inventory Changes	0.1	0.1	0.0
a. Receipts @ std	0.1	0.1	0.0
(1). Purchases	0.1	0.1	
(2). Returns from customers	0.0	0.0	
b. Issues @ std	0.0	0.0	0.0
(1). Sales	0.0	0.0	
(2). Returns to suppliers	0.0	0.0	
(3). Disposals	0.0	0.0	
(4). Issues/receipts w/o ADJs	0.0	0.0	
c. Adjustments @ std	0.0	0.0	0.0
(1). Capitalizations	0.0	0.0	
(2). Gains and losses	0.0	0.0	
(3). Other	0.0	0.0	
7. Inventory EOP	242.6	242.6	

STOCKPILE COSTS

1. Storage	0.2
2. Management	0.0
3. Maintenance/Other	0.0
Total Cost	0.2

WRM BUDGET REQUEST

1. Obligations @ cost	0.3
a. Additional WRM	0.3
b. Replen. WRM	0.0
c. Repair WRM	0.0
d. Assemble/Disassemble	0.0
e. Other	0.0
Total Request	0.3

FY 2003 President's Budget Submission
Activity Group Capital Investment Summary
Component: Navy
Activity Group: Supply Management
(\$ IN MILLIONS)

FEBRUARY 2002
FUND 9A

LINE NUMBER	ITEM DESCRIPTION	FY 2001		FY 2002		FY 2003	
		QUANTITY	TOTAL COST	QUANTITY	TOTAL COST	QUANTITY	TOTAL COST
	Equipment		2.457		1.650		1.760
	Replacement		2.457		1.650		1.760
	\$1,000,000 and over						
0001	Forklifts	VAR	1.793	VAR	0.900	VAR	0.980
0002	\$500,000 to \$999,999		0.000		0.000		0.000
0003	\$100,000 to \$499,999	VAR	0.664		0.750		0.780
0004	Productivity		0.000		0.000		0.000
0005	New Mission		0.000		0.000		0.000
0006	Environmental		0.000		0.000		0.000
	ADPE & Telecommunications Equipment		1.940		3.925		2.500
	\$1,000,000 and over						
0007	Base Level Computing	VAR	1.940	VAR	3.425	VAR	2.000
0008	\$500,000 to \$999,999		0.000		0.500		0.500
0009	\$100,000 to \$499,999		0.000		0.000		0.000
	Software Development		41.551		74.406		46.856
	Internally Developed		12.278		16.040		14.756
	\$1,000,000 and over						
0010	UADPS-ICP	35.5	3.525	0	0.000	0	0.000
0011	UADPS-SP/U2	49.3	4.897	0	0.000	0	0.000
0012	Asset Visibility Initiatives (CAV/MIT/SIT/RRAM)		0.000		2.333		1.985
0013	Financial Initiatives		2.156		2.809		1.933
0014	Inform-21		1.700		2.136		2.756
0015	Integrated Data Environment		0.000		2.285		2.230
0016	One Touch v3.0		0.000		6.477		5.852
0017	\$500,000 to \$999,999	-	0.000		0.000		0.000
0018	\$100,000 to \$499,999		0.000		0.000		0.000
	Externally Development		29.273		58.366		32.100
	\$1,000,000 and over						
0019	Total Asset Visibility	VAR	3.554		0.000		0.000
0020	Paper-Free Initiatives	VAR	3.142	VAR	0.000		0.000
0021	Enterprise Resource Planning	VAR	19.000	VAR	57.941	VAR	32.000
0022	Reengineered Residual Asset Management	VAR	1.100		0.000		0.000
0023	Commercial Asset Visibility		1.797		0.000		0.000
0024	\$500,000 to \$999,999	VAR	0.680		0.425		0.100
0025	Minor Construction	VAR	1.324	VAR	1.976	VAR	1.125
	TOTAL		47.272		81.957		52.241

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2003 Presidents Budget		
B. Component/Business Area/Date Navy/Supply Management				C. Line No. & Item Description 01 FORLIFT TRUCKS			D. Activity Identification NWCF		
FY 2001				FY 2002			FY 2003		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
01 FORLIFT TRUCKS	VAR	VAR	1,793	VAR	VAR	900	VAR	VAR	980
<p>Narrative Justification:</p> <p>This program funds the procurement of new/initial outfitting and the replacement of Material Handling Equipment (MHE) for the Fleet and Industrial Supply Centers (FISC). Replacement MHE is for overaged non-repairable equipment used in material handling operations at these various activities. With an inventory of 560 units at the various FISC sites there will always be units eligible for replacement through procurement. This request is for several key FISC areas that are in need of replacement/new equipment, such as, fuel operations, replacement of several overage forklifts and partner site/regional requirements.</p>									

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2003 Presidents Budget		
B. Component/Business Area/Date Navy/Supply Management				C. Line No. & Item Description 02 CIVIL ENGINEERING SUPPORT EQUIP			D. Activity Identification NWCF		
FY 2001				FY 2002			FY 2003		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
02 CIVIL ENGINEERING SUPPORT EQUIP	VAR	VAR	574	VAR	VAR	750	VAR	VAR	780
Narrative Justification: NAVSUP is responsible for replacing and maintaining aging Civil Engineering Support Equipment (CESE) necessary for fuel depot operations throughout the claimancy. This equipment is necessary to maintain and improve the working conditions and assist NAVSUP employees operating the fuel depots. Safety, reliability, maintenance cost and customer support are directly impacted by age and condition of this equipment. Examples: Tanker truck, Fire fighting pumper truck, 20 ton Semi trailer stake 2 axel, 20 ton Semi trailer van 2 axle.									

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2003 Presidents Budget		
B. Component/Business Area/Date Navy/Supply Management				C. Line No. & Item Description 03 AUTOMATED MAT'L HANDLING SYSTEM			D. Activity Identification NWCf		
FY 2001				FY 2002			FY 2003		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
03 AUTOMATED MAT'L HANDLING SYSTEM	VAR	VAR	90	VAR	VAR	-	VAR	VAR	-
<p>Narrative Justification:</p> <p>This program funds the procurement of new/initial outfitting and the replacement of Automated Material Handling Systems (AMHS) for the Fleet and Industrial Supply Centers (FISC). This request is for several key FISC areas that are in need of replacement/new equipment. This program also supports FISC partnering efforts with other regional commands.</p>									

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2003 Presidents Budget		
B. Component/Business Area/Date Navy/Supply Management				C. Line No. & Item Description 07 BASE LEVEL COMPUTING			D. Activity Identification NWCF		
FY 2001				FY 2002			FY 2003		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
07 BASE LEVEL COMPUTING	VAR	VAR	1,940	VAR	VAR	3,425	VAR	VAR	2,000
<p>Narrative Justification:</p> <p>Base Level Computing - Base Level Computing (BLC) is a program designed to replace and upgrade the aging interface between the end user at the keyboard and the Defense Information Systems Office (DISO) data center, for NAVSUP managed activities. The overall program concept is described in a Mission Need Statement (MNS) approved by the Assistant Secretary of the Navy (ASN(RD&A)). Milestone decision authority was delegated to the Naval Supply Systems Command (NAVSUP). The program consists of a number of individual and independent Abbreviated System Decision Papers (ASDPs) which conform to the overall concept described in the approved MNS. The ASDPs include the justification and economic analysis associated with the work at each individual site.</p> <p>The BLC Program is phased over time with information technology being replaced continuously. The ultimate goal is to build and maintain an Information Technology architecture which will support a one touch supply system which locates processing at the most economical and technically efficient level, and is consistent with overall DoD information system plan. If executed in accordance with the overall plan described in the MNS, the BLC Program will, over time, significantly improve ashore supply processing for the fleet. BLC requirements decrease from FY 2002 to FY 2003 as a result of phased NMCI implementation. BLC requirements will remain relatively stable from FY 2003 through the out years based on replacement, upgrade and support of non-NMCI applications and requirements.</p>									

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2003 Presidents Budget		
B. Component/Business Area/Date Navy/Supply Management				C. Line No. & Item Description 08 FMSO EQUIPMENT			D. Activity Identification NWCF		
Element of Cost	FY 2001			FY 2002			FY 2003		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
08 FMSO EQUIPMENT			-	VAR	VAR	500	VAR	VAR	500
Narrative Justification: FMSO - Funds provide support to the Navy Fleet Material Support Office's (FMSO) Local Area Network (LAN) Plan. As part of the plan, FMSO is upgrading its LAN which will replace obsolete ADP equipment in order to provide an environment for client/server development. A variety of PC hardware platforms currently exist in FMSO which prevents deployment of the development tools needed to maintain its competitiveness. Upgrading and standardizing hardware infrastructure will allow FMSO to use the LAN to deploy the latest software products.									

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2003 Presidents Budget		
B. Component/Business Area/Date Navy/Supply Management				C. Line No. & Item Description 10 UADPS ICP			D. Activity Identification NWCF		
	FY 2001			FY 2002			FY 2003		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
10 UADPS ICP	35.5	VAR	3,525	-	VAR	-	-	VAR	-

Narrative Justification:

UICP- The Uniform Inventory Control Point automated information system provides Navy-wide logistics support for secondary items of supply for weapons, weapon support systems and equipment with aviation or marine applications.

UICP is a Navy Legacy System. It operates under a maintenance BROWN OUT and a development BLACK OUT status as of Sep 2000.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2003 Presidents Budget		
B. Component/Business Area/Date Navy/Supply Management				C. Line No. & Item Description 11 UADPS SP			D. Activity Identification NWCF		
FY 2001				FY 2002			FY 2003		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
11 UADPS SP	49.3	VAR	4,897	-	VAR	-	-	VAR	-
<p>Narrative Justification:</p> <p>UADPS-SP/U2 - U2 is a Navy Legacy System. U2 is the automated system used for Material Management of consumer level inventory. It also contains requisite physical distribution capability for the FISCs and partner sites.</p> <p>It operates under a maintenance BROWN OUT and development BLACK OUT status as of Sep 2000.</p>									

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2003 Presidents Budget		
B. Component/Business Area/Date Navy/Supply Management				C. Line No. & Item Description 12 ASSET VISIBILITY INITIATIVES			D. Activity Identification NWCF		
Element of Cost	FY 2001			FY 2002			FY 2003		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
12 ASSET VISIBILITY INITIATIVES	VAR	VAR	-	VAR	VAR	2,333	VAR	VAR	1,985
<p>Narrative Justification:</p> <p>CAV: DoD Commercial Inventory Accuracy tracking program. The Commercial Asset Visibility Program (CAV) was developed by the NAVY and is now used by the Army, Marines and Air Force. CAV's internal edits and validations impose inventory accuracy standards on Commercial DoD repair contractors. CAV has processed over 3 million Transaction Item Reports (TIRs) and has an accuracy rate of over 99 percent. CAV is mandated by both congressional and GAO audits and has documented savings of more than \$675M that would have been spent in the procurement and stocking of large inventories. The CAV initiative was developed in response to a Congressional Inquiry and GAO audit, to provide 100% accountability and visibility of the \$3.5 Billion dollars worth of Navy material undergoing repair at commercial DOD vendors repair facilities. Previous tracking methods of commercial inventories proved inaccurate and costly. CAV is an integral part of the Navy TAV effort which reduces procurement costs through redistribution of assets and increases operational readiness through higher accountability, availability and accessibility.</p> <p>MIT/SIT: MIT/SIT Reengineering - Reengineer the Stock-In-Transit Process to ensure accountability and visibility of in-transit material from Proof-of-Issue to Proof-of-Receipt. This includes substantial reprogramming of the PM-76 program for accessing various legacy systems for validation data and development of the Supply Discrepancy Reporting (SDR) System. The PM-76 program will age records, and "gate" or segment the process to track in-transit inventory. This program has Congressional interest. Associated functionality is primarily the new AUTORODs and Material In-Transit (MIT) capability. The Reengineering Effort also includes budget requirements for "Brute Force" support and causative research and analysis of SIT and MIT write-offs.</p> <p>RRAM: The Reengineered Residual Asset Management (RRAM) program was launched to provide real time visibility of residual end use material for redistribution to Fleet units and selected Naval Sea Systems Command (NAVSEA) activities. RRAM has proven a great success in its short existence, processing 180 thousand plus requisitions, worth \$305M. Additionally, RRAM has provided \$65M in inventory to NAVICP/DLA item managers and \$36.2M in MTIS Credits have been granted to the inventory owners. RRAM is currently a mainframe application. The mainframe-based application is a production system currently installed at TYCOM/NAVSEA residual warehouse sites, by personnel from the Navy Inventory Control Point, who is responsible for RRAM software interfaces with CPEN/VSMIR.</p>									

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2003 Presidents Budget		
B. Component/Business Area/Date Navy/Supply Management				C. Line No. & Item Description 13 FINANCIAL INITIATIVES			D. Activity Identification NWCF		
FY 2001				FY 2002			FY 2003		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
13 FINANCIAL INITIATIVES	VAR	VAR	2,156	VAR	VAR	2,809	VAR	VAR	1,933

Narrative Justification: Financial Initiatives include the initiative(s) identified below:

MFCS: The Naval Supply Systems Command (NAVSUP) started a strategic systems migration and application development effort to improve its global Navy logistics support mission and to become compliant with mandated accounting processes. The migration project was initiated in response to significant changes in NAVSUP's operating environment, including migration of former Navy data centers to the Defense Information Services Agency (DISA), Service-wide downsizing, increased Service authority to enhance legacy systems, and most importantly, rapid advancement in information technology that permits large legacy systems to be migrated, using automated tools, off mainframe hosts and onto mid-tier processors using open, standards based, client-server systems architectures. The application development effort has been initiated to comply with accounting requirements of the Chief Financial Officers' (CFO) Act (standard financial statements) and fiscal requirements of the Grassley Amendment (prevalidation for obligations).

NAVSUP has engaged organic and contractor resources to develop new applications to provide compliant functionality using more modern information technology infrastructures and a modernized mid-tier or base level computing client server environment. Once fully funded and implemented, this vision will provide the technical infrastructure for rapid future systems reengineering using 4+ generation development tools, greater data flexibility within relational database environments, provide base level end users direct and transparent access to data. This architecture will significantly facilitate the realization of NAVSUP's corporate vision of "One Touch Supply" and provide a sound business case using migration strategy to achieve DISA Common Operating Environment (COE) systems compliancy.

Along with the current MFCS migration initiative is the continuing budgetary requirement to cut business costs by reducing the labor required to execute systems enhancement, reengineering development cycle times and associated DISA mainframe development and production access charges. The MFCS project will migrate the NAVICP business process and associated UICP application operations by custom developing PX02/04 into a logical three tier client server architecture that will help solve complex systems and implementation challenges currently confronting the remaining COBOL development of MFCS. Once implemented, this technical solution will also solve other specific UICP material accounting process problems, deliver numerous enhancements, increase the efficiency of the integrated NAVICP business process and support the joint NAVSUP/DFAS goal of singling-up financial systems and creating a single national level of inventory.

NAVSUP, DFAS-HQ and the NAVICP have approved this conceptual approach to these MFCS systems development issues. Implementation of this technical approach will also result in the infusion of new technology and skills at FMSO and the NAVICP.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2003 Presidents Budget		
B. Component/Business Area/Date Navy/Supply Management				C. Line No. & Item Description 14 INFORM-21			D. Activity Identification NWCF		
FY 2001				FY 2002			FY 2003		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
14 INFORM-21	VAR	VAR	1,700	VAR	VAR	2,136	VAR	VAR	2,756
Narrative Justification: InforM-21 provides the Information Technology (IT) decision support data warehouse infrastructure to support the NAVSUP claimancy. The Data Warehouse will include data from both Mechanicsburg and Philadelphia operational systems, as well as RSupply and other stock point systems when it is fully populated. It will include the infrastructure to support FISCMI and TLOD. Eventually, this effort will replace the existing decision support systems distributed throughout the claimancy, since the current decision support systems cannot and do not consider the impact of their decision recommendations on other functional areas within the enterprise. The InforM-21 data warehouse effort will support process improvements and new business processes obtained through the purchase of commercial-off-the-shelf (COTS) software. Current operational capability exists in the form of a Web site that provides FISCMI data in support of the FISCs and their partners. TLOD interface/integration is currently in process.									

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2003 Presidents Budget		
B. Component/Business Area/Date Navy/Supply Management				C. Line No. & Item Description 15 INTEGRATED DATA ENVIRONMENT			D. Activity Identification NWCF		
FY 2001				FY 2002			FY 2003		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
15 INTEGRATED DATA ENVIRONMENT	VAR	VAR	-	VAR	VAR	2,285	VAR	VAR	2,230
Narrative Justification: The Integrated Data Environment (IDE) provides the corporate Information Technology (IT) data infrastructure to support the Naval Supply (NAVSUP) day-to-day business. It will bring together the pieces of data we collect and create in our IT systems to create information. IDE efforts focus on three areas. The first is creating a repository where the descriptions of each of our data elements could be stored (Metadata repository). The second is the creation of a mid-tier, relational, online, data storage (ODS) facility where our data could be replicated for use by any systems and to support our InforM21 data warehousing effort. The third focus area is the quality of our data. The IDE project will take on the effort of correcting programs responsible for creating bad data. In the future when the Metadata repository and the ODS are essentially complete, they will move into a maintenance mode as part of Corporate Data Management and InforM21. We plan to continue our data quality related efforts to make additional corrections to legacy programs. We also plan to improve our ability to share data and make our data web-accessible in support of Task Force Whiskey. It is our plan to develop a template for applying standard XML "markups" to our legacy data. We will also use this template on a prototype as a prove-of-concept. Additionally, we plan to work toward better data consistency through reducing occurrences of redundant data. We will build a template for determining what are the authoritative source for our data elements, what are the alternatives for direct access to those sources, and what criteria should be used to determine which alternative is appropriate in each situation. Again, we will develop a prototype using the template for authoritative data sources to prove the concept.									

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2003 Presidents Budget		
B. Component/Business Area/Date Navy/Supply Management				C. Line No. & Item Description 16 ONE TOUCH V3.0			D. Activity Identification NWCF		
FY 2001				FY 2002			FY 2003		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
16 ONE TOUCH V3.0	VAR	VAR	-	VAR	VAR	6,477	VAR	VAR	5,852
<p>Narrative Justification:</p> <p>One Touch v3.0: Enables a customer to use internet technology to access the broad scope of the Navy/DOD supply systems to locate available stock, enter requisitions, perform technical screening functions and check on requisition status. Through One Touch, the user has virtual access to all Navy-authorized supply sources using a single Password using commercially-available PKI technology. Integration of the Regional One Touch site will improve system security and make access seamless to all Region-unique functions, e.g., direct sales from local vendors and service providers. In support of the mandated transition of the Navy's supply chain from an inventory based, batch processing system to a velocity-based, electronic commerce system, we must implement modern state of the art business to business (B2B), and business to customer (B2C) tools which provide us with the capability to track requirements for our customers from generation to fulfillment and eliminate some of the corporate infrastructure which currently sits between our customers and our suppliers. We anticipate standing up a corporate web-based order fulfillment system which will enable our customers to communicate directly with any required suppliers, providing us with increased corporate knowledge of the customer requirements and facilitating the collaborative forecasting and procurement for common needs across a widely divergent customer base. This commercially developed and commercially hosted application will allow us to build and maintain a state of the art fully automated electronic supply chain for US Navy customers and suppliers. With an extended supply chain which reaches into the customer's and industry's information systems, a business environment capable of true data sharing is imperative.</p>									

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2003 Presidents Budget		
B. Component/Business Area/Date Navy/Supply Management				C. Line No. & Item Description 19 TOTAL ASSET VISABILITY			D. Activity Identification NWCF		
FY 2001				FY 2002			FY 2003		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
19 TOTAL ASSET VISABILITY	VAR	VAR	3,554	VAR	VAR	-	VAR	VAR	-
Narrative Justification: TAV - Total Asset Visibility reduces procurement costs through redistribution of assets and increases operational readiness through higher availability. Additionally, a customer's confidence in the Supply System increases over time as his material and information needs are met in a more timely, effective manner. Improved confidence can potentially reduce the volume of material reorders and lower safety levels (logistics footprint) both INCONUS and In-Theater. Technological investment in our material management systems has already saved the Navy millions of dollars that would have been spent in the procurement and stocking of large inventories. In order to remain responsive to the needs of the warfighter, the Navy TAV programs have to be transitioned into an open system architecture that can be used to rapidly incorporate or modify system software. Using a JCALS open architecture will facilitate Navy TAV efforts to gain visibility and automated access into many non-traditional "supply" inventories. Additionally, efforts to integrate In-transit information are critical to "close the loop" and provide a complete TAV picture to our customers. Concurrently, we will be modifying/upgrading several key systems to allow us to fully utilize/interface with this new TAV capability/information as well as integrating our Navy TAV efforts with DOD JTAV efforts. In FY 2002 and outyears all requirements will be funded with appropriated funds.									

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2003 Presidents Budget		
B. Component/Business Area/Date Navy/Supply Management				C. Line No. & Item Description 20 PAPER FREE INITIATIVES			D. Activity Identification NWCF		
FY 2001				FY 2002			FY 2003		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
20 PAPER FREE INITIATIVES	VAR	VAR	3,142	VAR	VAR	-	VAR	VAR	-
Narrative Justification: PAPER-FREE ACQUISITION - In MRM # 2 - Moving to a Paper-Free Contracting Process, the Secretary of Defense has directed that DoD undertake a revolution in business practices in conjunction with the Quadrennial Defense Review. SECDEF has specifically cited the need to simplify and modernize our acquisition process in the area of contract, writing, administration, finance and auditing. The paperless acquisition process will span the entire life-cycle of the acquisition process from requirements generation to contract closeout. The Navy's working definition of paperless means that paper can not be used as a means of transmitting information from one 'desk' to another 'desk.' The benefits of paperfree acquisition will be the satisfaction of the requirements of MRM # 2; the reduction of unmatched disbursements; the reduction of purchase card delinquencies; the reduction of procurement time, costs, and personnel with implementation of e-mail/e-catalogs initiatives; process/organizational improvements; better cash management; standardized software, training, and support resulting from enterprise initiatives; improved accuracy in acquisition tracking/reporting; reduced FOIA requests and processing costs; reduced paper [towards NPR # 7 goal of 50% reduction in all paper transactions]; and support of integrated digital environment [IDE] mandate. The Naval Supply Systems Command will accomplish MRM # 2 goals via the implementation of One Touch v3.0.									

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2003 Presidents Budget		
B. Component/Business Area/Date Navy/Supply Management				C. Line No. & Item Description 21 ENTERPRISE RESOURCE PLANNING			D. Activity Identification NWCF		
FY 2001				FY 2002			FY 2003		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
21 ENTERPRISE RESOURCE PLANNING	VAR	VAR	19,000	VAR	VAR	57,941	VAR	VAR	32,000
<p>Narrative Justification:</p> <p>Enterprise Resource Planning (ERP): The effectiveness of the Navy logistics chain is dependent upon transitioning from an inventory based, constant-flow system to a velocity-based, variable-flow system using more efficient programming, scheduling and repair processes; total asset visibility technologies; and integrated logistics information and decision support tools. Integrated logistics chain management techniques provide the means to accurately predict requirements, acquire the right amount of inventory, rapidly move serviceable and repairable items, and select the optimum path for each item as it moves through the logistics chain. Proper management optimizes the performance and cost of the entire logistics chain, end-to-end, and results in delivery of required support to the customers to the right place, at the right time, and right price.</p> <p>The Navy has completed an initial examination of its logistics infrastructure and associated processes to ascertain ways to improve and reduce costs while maintaining/improving support to the warfighter. We have found that commercially available Enterprise Resource Planning (ERP) programs have potential applicability for the Navy. The Navy needs to further examine private sector capabilities to determine/demonstrate their feasibility and applicability to its logistics, supply and maintenance chains. The purpose of this project is to acquire the commercial expertise and to demonstrate the feasibility and applicability of ERP programs to the Navy aviation supply chain and maintenance areas by conducting a study and pilot project. To best support the warfighter and make optimum use of limited support resources, the Navy logistics community intends to identify changes that: (1) Best integrate and coordinate Navy supply chain and maintenance management processes, (2) Enhance and integrate the Navy's ability to manage and control supply chain processes, products, services and information from end to end, and (3) Optimize inventory levels to provide effective readiness at the best value.</p>									

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2003 Presidents Budget		
B. Component/Business Area/Date Navy/Supply Management				C. Line No. & Item Description 22 REENGINEERED RESIDUAL ASSET MANAGEMENT			D. Activity Identification NWCF		
FY 2001				FY 2002			FY 2003		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
22 REENGINEERED RESIDUAL ASSET MANAGEMENT	VAR	VAR	1,100	VAR	VAR	-	VAR	VAR	-
<p>Narrative Justification:</p> <p>The Reengineered Residual Asset Management (RRAM) program was launched to provide real time visibility of residual end use material for redistribution to Fleet units and selected Naval Sea Systems Command (NAVSEA) activities. RRAM has proven a great success in its short existence, processing 180 thousand plus requisitions, worth \$305M. Additionally, RRAM has provided \$65M in inventory to NAVICP/DLA item managers and \$36.2M in MTIS Credits have been granted to the inventory owners. RRAM is currently a mainframe application. The mainframe-based application is a production system currently installed at TYCOM/NAVSEA residual warehouse sites, by personnel from the Navy Inventory Control Point, who is responsible for RRAM software interfaces with CPEN/VSMIR. FY 2002 and FY 2003 requirements are reflected in the Asset Visibility Initiatives Program.</p>									

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2003 Presidents Budget		
B. Component/Business Area/Date Navy/Supply Management				C. Line No. & Item Description 23 COMMERCIAL ASSET VISIBILITY			D. Activity Identification NWCf		
FY 2001				FY 2002			FY 2003		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
23 COMMERCIAL ASSET VISIBILITY	VAR	VAR	1,797	VAR	VAR	-	VAR	VAR	-
Narrative Justification: DoD Commercial Inventory Accuracy tracking program. The Commercial Asset Visibility Program (CAV) was developed by the NAVY and is now used by the Army, Marines and Air Force. CAV's internal edits and validations impose inventory accuracy standards on Commercial DoD repair contractors. CAV has processed over 3 million Transaction Item Reports (TIRs) and has an accuracy rate of over 99 percent. CAV is mandated by both congressional and GAO audits and has documented savings of more than \$675M that would have been spent in the procurement and stocking of large inventories. The CAV initiative was developed in response to a Congressional Inquiry and GAO audit, to provide 100% accountability and visibility of the \$3.5 Billion dollars worth of Navy material undergoing repair at commercial DOD vendors repair facilities. Previous tracking methods of commercial inventories proved inaccurate and costly. CAV is an integral part of the Navy TAV effort which reduces procurement costs through redistribution of assets and increases operational readiness through higher accountability, availability and accessibility. FY 2002 and FY 2003 requirements are reflected in the Asset Visibility Initiatives Program.									

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2003 Presidents Budget		
B. Component/Business Area/Date Navy/Supply Management				C. Line No. & Item Description 24 ACTIVITY BASED COSTING			D. Activity Identification NWCF		
FY 2001				FY 2002			FY 2003		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
24 ACTIVITY BASED COSTING	VAR	VAR	680	VAR	VAR	-	VAR	VAR	-
<p>Narrative Justification:</p> <p>Funds are required for centralized management of commercial off-the-shelf (COTS) software tools necessary to support Activity Based Costing / Activity Based Management (ABC/ABM) program initiatives within the NAVSUP claimancy. Project is essential to support NAVSUP Business Plan Objective 2.4.1: "Develop and implement a methodology to determine claimancy cost per output for all products and services."</p>									

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2003 Presidents Budget		
B. Component/Business Area/Date Navy/Supply Management				C. Line No. & Item Description 24 CORPORATE DATA MANAGEMENT			D. Activity Identification NWCF		
FY 2001				FY 2002			FY 2003		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
24 CORPORATE DATA MANAGEMENT	VAR	VAR	-	VAR	VAR	425	VAR	VAR	100
Narrative Justification: Corporate Data Management (CDM) provides the Information Technology (IT) data administration infrastructure to support NAVSUP Re-engineering and day-to-day business. The data administration effort includes maintenance of the Corporate Logical Data Model and support for the Data Dictionary to satisfy the information requirements of the NAVSUP claimancy activities. It will include the infrastructure to support the development of the NAVSUP Enterprise Resource Planning (ERP) initiative and NAVICPs Advanced Planning System (APS). This effort provides a web-enabled and accessible logical data model and data dictionary to support all the information requirements of the NAVSUP claimancy activities. It also includes a repository of accesses to those data stores which NAVSUP does not own, resulting in customer access to comprehensive, integrated, quality data from dispersed sources. It supplements, and benefits from, the data integrity initiatives currently underway within the NAVICP. This effort will continue to facilitate NAVSUP compliance with the mandates of DUSD(L) concept of operations for the DoD Interoperable Information Environment (IIE), the DoD Logistics Strategic Plan (to achieve maximum logistics productivity), NMCI and Task Force Web mandates, and the DoN Data Management and Interoperability initiative.									

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2003 Presidents Budget		
B. Component/Business Area/Date Navy/Supply Management				C. Line No. & Item Description 25 MINOR CONSTRUCTION			D. Activity Identification NWCF		
Element of Cost	FY 2001			FY 2002			FY 2003		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
25 MINOR CONSTRUCTION	VAR	VAR	1,324	VAR	VAR	1,976	VAR	VAR	1,125
<p>Narrative Justification:</p> <p>NAVSUP, as the maintenance UIC for all facilities occupied and operated by NAVSUP employees, is responsible for Real Property Maintenance (Minor Construction portion) of facilities occupied and operated by NAVSUP. These projects are necessary to maintain and improve the working conditions for NAVSUP claimancy employees. Projects include Minor Construction requirements of facilities maintenance as well as Quality of Life and correction of Safety deficiencies. Minor Construction funding requested supports the overall RPM objectives of the NAVFAC recommended maintenance spending limits of between 2% to 4% annually based on the associated property values. Each minor construction project must be less that \$500,000.</p>									

FY 2003 President's Budget
Department of Navy
Activity Group: Supply Management
FY 2001

FY 2003 Presidents Budget

(Dollars in Millions)							
<u>FY</u>	<u>Approved Project</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Actual Obs</u>	<u>Asset/ Deficiency</u>	<u>Explanation/Reason for Change</u>
01	Non-ADP Equipment	.171	2.286	2.457	2.457	.000	
01	ADP Equipment	-2.000	3.940	1.940	1.94	.000	
01	Software Development	-2.999	45.347	42.348	41.551	.797	
01	Minor Construction	.316	1.584	1.900	1.324	.576	
	Total Capital Investment	-4.512	53.157	48.645	47.272	1.373	

FY 2003 President's Budget
Department of Navy
Activity Group: Supply Management
FY 2002

(Dollars in Millions)					
<u>FY</u>	<u>Approved Project</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Asset/ Deficiency</u> <u>Explanation/Reason for Change</u>
02	Non-ADP Equipment	-1.265	2.915	1.650	.000 Adjusted Requirements fore Forklifts
02	ADP Equipment	.000	3.925	3.925	.000
02	Software Development	25.206	49.200	74.406	.000 CDA Rate Adjustments New Start for IDE & OneTouch Increased ERP Requirements
02	Minor Construction	.000	1.976	1.976	.000
	Total Capital Investment	23.941	58.016	81.957	.000

FY 2003 President's Budget
Department of Navy
Activity Group: Supply Management
FY 2003

(Dollars in Millions)						
<u>FY</u>	<u>Approved Project</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Asset/ Deficiency</u>	<u>Explanation/Reason for Change</u>
03	Non-ADP Equipment	.000	1.760	1.760	.000	
03	ADP Equipment	.000	2.500	2.500	.000	
03	Software Development	.000	48.856	46.856	-2.000	
03	Minor Construction	.000	1.125	1.125	.000	
	Total Capital Investment	.000	54.241	52.241	-2.000	

Marine Corps Supply Management

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
ACTIVITY GROUP: SUPPLY MANAGEMENT – MARINE CORPS
FY 2003 PRESIDENT’S BUDGET SUBMISSION**

Activity Group Function:

The Supply Management Activity Group performs inventory management functions that result in the sale of consumable and repairable items to support both Department of Defense (DoD) and other government agencies. Major customers include the Fleet Marine Force and other military services. All costs related to supplying this material to the customer are recouped through stabilized prices that include cost recovery elements to cover costs such as inventory management, receipt and issue of Department managed material.

Significant Changes:

The following addresses pertinent issues in Supply Management - Marine Corps Budget Projects.

- (1) Retail Inventory- Budget Project 28. In FY 2001 and FY2002, recruit clothing was decapitalized from Marine Corps Recruit Depot (MCRD, San Diego, CA; MCRD Parris Island, SC, respectively. Additionally, War Reserve Material is being procured during FY 2001 through FY 2003 timeframe.
- (2) Fuel - Budget Project 38. Transfer of fuel management to Defense Logistics Agency (DLA) is projected to be completed at all Marine Corps activities by the end of FY 2003. As a precautionary measure, 100 percent of the normal obligations and sales levels have been included in this submission. Regardless of the actual transfer date, customer funding is required to buy the fuel from DLA or USMC.
- (3) Depot Level Repairable – Budget Project 84. FY 2001 through FY 2003 includes procurement of War Reserve Material.
- (4) Subsistence – Budget Project 21. Inventory comprised of cold weather rations held as war reserve stock in Norway. The stock is projected to be decapitalized by the end of second quarter FY 2002. The budget submission contains no obligational authority or sales for BP21.

The following tables outline Retail and Wholesale operations:

Retail:

(\$M)	FY 2001	FY 2002	FY 2003
Net Sales	101.5	84.9	76.8
Obligation	106.1	84.5	76.4
Unit Cost	1.04	1.00	1.00

From FY 2001 to FY 2002, Net Sales experience a decrease of \$16.6M due to the decapitalization of recruit clothing at MCRDs San Diego and Parris Island. From FY 2002 to FY 2003, Net Sales decrease \$8.1M commensurate with reduced customer requirements base.

From FY 2001 to FY 2002, obligations decrease \$21.6M primarily due to the decapitalization of recruit clothing, decrease in demand, reductions in fuel prices and projected consumption per barrel. Fuel decreased \$2.9M from FY 2001. From FY 2002 to FY 2003, obligations decrease \$8.1M as a result of fewer retail supply demands coupled with decreased fuel prices and projected consumption. Fuel decreased \$2.7M from FY 2002.

Unit cost remains relatively stable over the budget years.

Wholesale:

(\$M)	FY 2001	FY 2002	FY 2003
Net Sales	37.7	38.7	50.9
Obligations	32.5	43.6	38.2
Cost of Opns	8.8	9.0	10.2
Unit Cost	1.09	1.34	0.95

From FY 2001 to FY 2002, Net Sales experience an increase of \$1.0M primarily due to a slight increase in replenishment sales. From FY 2002 to FY 2003, Net Sales experience an increase of \$12.2M as a result of the increased FY 2002 obligations in Rebuild, with the projected sales occurring in FY 2003 and the inclusion of AOR Recovery.

From FY 2001 to FY 2002, obligations increase \$11.1M primarily due to the addition of new repair lines in the Rebuild area on the Master Work Schedule. Examples of the new repair lines include the Fiber Optic Gyro Assembly Avenger, the Light Weight GPS Receiver, the Light Weight 155, and the AN/TPS-59. In FY 2003, obligations decrease \$5.4M due to customer demands tapering off.

Cost of Operations increased \$0.2M from FY 2001 to FY 2002 due to increased system sustainment costs. From FY 2002 to FY 2003, Cost of Operations increased \$1.3M due to increases in DLA distribution services, the

Civil Service Retirement System, and Federal Employees Health Benefit costs.

Unit Cost increases \$0.26 cents from FY 2001 to FY 2002 as a result of increased obligations coupled with the projected sales in FY 2003 due to long lead time procurements. From FY 2002 to FY 2003, unit cost decreases \$0.27 cents as sales increase.

War Reserve Material (WRM) - Obligations

(\$M)	FY 2001	FY 2002	FY 2003
Retail	1.7	4.0	3.0
Wholesale	4.8	4.4	4.3
Total WRM	6.5	8.4	7.3

WRM obligations are excluded from unit cost calculation and are accounted for separately from Retail and Wholesale obligations.

Economic Indicators:

The primary function of the Marine Corps Supply Management Activity Group (SMAG) is to provide material to our customers in a timely manner. A key indicator of performance is the fill rate (supply availability rate). Fill rate is the percentage of demands processed by the supply system without interruption. The fill rate projected below is based upon a two-year historical average and is more in line with actual experience. While we realize that the fill rate is below the 85% standard, the Marine Corps Supply Management Activity Group is meeting the Marine Corps' readiness requirements.

The CRR decreases 1.37% from FY 2001 to FY 2002 and increases 36.05% from FY 2002 to FY 2003. The significant increase in the FY 2003 CRR is primarily the result of recouping FY 2001 AOR losses. In an effort to prevent future increases of this magnitude, greater emphasis will be placed on managing program changes and minimizing cost in Retail and Wholesale to lessen the impact on the CRR and cash balances while maintaining readiness.

To improve the accounting for and make the cost of government programs more visible to the American people, the Administration is proposing to align the full annual budgetary costs of resources used by programs with the budget accounts that fund the programs. To that end, the budget includes a request for a direct appropriation of \$373 million for the Navy Working Capital Fund (of which \$.23 million is included in the NWCF-MC budget) to fund the full accruing cost of the Civil Service Retirement System and retire health benefits for civilian employees in the Federal Employee Health Benefit Program. Beginning with the FY 2004 Budget, these costs will be built-into the rates charged to Working Capital Fund customers. This proposal does not increase

the total costs to the Federal government, since these costs were previously funded from a central account.

	FY 2001	FY 2002	FY 2003
Fill Rate (%):	67.2%	64.0%	64.0%
Cost Recovery Rate (CRR) (%)	27.11%	25.74%	61.79%
Annual Price Change (%)	-5.70%	0.77%	31.34%
Reparable Items Managed	2841	2922	2922
Personnel (End Strength):			
Civilians	48	48	47
Military	0	0	0

Peacetime Operating Stock (POS) Inventory

Peacetime stocks include clothing, hard goods, fuel, provisioning and replenishment spares, and special project assets, such as bulk fuel parts. The significant decline from FY 2001 to FY 2002 is attributable to decapitalization of recruit clothing. The decline from FY 2002 to FY 2003 is the result of the downturn in fuel coupled with decreases in customer demands.

Inventory at Standard Unit Price (M)	FY 2001	FY 2002	FY 2003
Retail	127.7	101.1	95.3
Wholesale	398.3	390.4	385.2
Total	526.0	491.5	480.5

Net Operating Result (NOR)/Accumulated Operating Result (AOR)

The FY 2002 President's Budget included the directed transfer of \$71.4M in AOR gains and is reflected in the FY 2001 column below. From FY 2001-2003, Revenue and Expenses are impacted by the changes reflected above in the sales and obligations profiles (i.e., the decapitalization of recruit clothing and fuel). FY 2002 and FY 2003, the "Expenses" row reflects WRM sales of \$6.5M and \$8.4M, respectively. The NOR profile achieves an AOR of balance of zero in FY 2003.

The following table displays the projected Net Operating Results/Accumulated Operating Results:

(M)	FY 2001	FY 2002	FY 2003
Revenue	139.2	130.1	136.1
Expenses	150.3	127.5	122.4
Operating result	-11.1	2.6	13.7

Adj. to NOR	0.0	-6.5	-8.4
NOR	-11.1	-3.9	5.3
Prior Year AOR	81.2	-1.4	-5.3
Adj. to AOR	-71.4	0.0	0.0
AOR	-1.3	-5.3	0

CASH PROJECTION

In Marine Corps Supply Management, available cash is determined by the net sum effect of actual collections and disbursements. Collections are primarily a reflection of sales, while disbursements are primarily based on obligations. Annual sales and obligations programs, as outlined in this submission, are the principal factors in determining cash availability. The following table depicts actual and projected net outlay posture.

(\$M)	Actual FY2001	Estimated FY2002	Estimated FY 2003
Collections	143.1	130.6	135.7
Disbursements	151.7	135.0	129.8
Net Outlays	8.6	4.4	-5.9

FY 03 PRESIDENT'S BUDGET SUBMISSION
NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
REVENUE AND EXPENSES
(Dollars in Millions)
SUMMARY

	<u>FY2001</u>	<u>FY2002</u>	<u>FY2003</u>
Revenue			
Operations (Gross Sales)	141.5	125.7	129.4
Capital Surcharge	0.0	0.0	0.0
Depreciation except Maj Const	0.0	0.0	0.0
Major Construction Depreciation	0.0	0.0	0.0
Other Income (<i>Revenue from War Reserve</i>)	0.0	6.5	8.4
Refunds/Discounts	(2.3)	(2.1)	(1.7)
Total Income:	139.2	130.1	136.1
Expenses			
Cost of Materiel Sold from Inventory	141.5	118.5	112.4
Salaries and Wages:			
Military Personnel Compensation & Benefits	0.0	0.0	0.0
Civilian Personnel & Compensation & Benefits	2.6	2.8	3.0
Travel & Transportation of Personnel	0.0	0.1	0.1
Materials & Supplies (For internal Operations)	0.0	0.0	0.0
Equipment	0.0	0.0	0.0
Other Purchases from Revolving Funds	1.8	1.9	3.2
Transportation of Things	0.0	0.1	0.1
Depreciation - Capital	0.0	0.0	0.0
Printing and Reproduction	0.0	0.0	0.0
Advisory and Assistance Services	0.0	0.0	0.0
Rent, Communication, Utilities, & Misc. Charges	0.0	0.0	0.0
Other Purchased Services	4.3	4.1	3.8
Total Expenses:	150.3	127.5	122.6
Operating Result:	(11.1)	2.6	13.5
Less Capital Surcharge Reservation	0.0	0.0	0.0
Plus Appropriations Affecting NOR/AOR - <i>WRM</i>	0.0	(6.5)	(8.4)
Other Changes Affecting NOR/AOR	0.0	0.0	0.2
Navy Cash Recovery	0.0	0.0	0.0
Net Operating Result:	(11.1)	(3.9)	5.3
Other Changes Affecting AOR			
Prior Year AOR	81.1	(1.4)	(5.3)
AOR Redistribution	(71.4)	0.0	0.0
Cash Factor	0.0	0.0	0.0
Accumulated Operating Result:	(1.4)	(5.3)	0.0

FY 03 PRESIDENT'S BUDGET SUBMISSION
NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
REVENUE AND EXPENSES
(Dollars in Millions)
RETAIL PROGRAM

	<u>FY2001</u>	<u>FY2002</u>	<u>FY2003</u>
Revenue			
Gross Sales	102.3	85.3	77.2
Capital Surcharge	0.0	0.0	0.0
Depreciation except Maj Const	0.0	0.0	0.0
Major Construction Depreciation	0.0	0.0	0.0
Other Income (<i>Revenue from War Reserve</i>)	0.0	1.7	4.0
Refunds/Discounts	(0.8)	(0.4)	(0.4)
Total Income:	101.5	86.6	80.8
Expenses			
Cost of Materiel Sold from Inventory (OBS)	107.8	84.5	76.4
Salaries and Wages:			
Military Personnel Compensation & Benefits	0.0	0.0	0.0
Civilian Personnel & Compensation & Benefits	0.0	0.0	0.0
Travel & Transportation of Personnel	0.0	0.0	0.0
Materials & Supplies (For Internal Operations)	0.0	0.0	0.0
Equipment	0.0	0.0	0.0
Other Purchases from Revolving Funds	0.0	0.0	0.0
Transportation of Things	0.0	0.0	0.0
Depreciation - Capital	0.0	0.0	0.0
Printing and Reproduction	0.0	0.0	0.0
Advisory and Assistance Services	0.0	0.0	0.0
Rent, Communication, Utilities, & Misc. Charges	0.0	0.0	0.0
Other Purchased Services	0.0	0.0	0.0
Total Expenses:	107.8	84.5	76.4
Operating Result:	(6.3)	2.0	4.4
Less Capital Surcharge Reservation	0.0	0.0	0.0
Plus Appropriations Affecting NOR/AOR - <i>WRM</i>	0.0	(1.7)	(4.0)
Other Changes Affecting NOR/AOR	0.0	0.0	0.0
Navy Cash Recovery	0.0	0.0	0.0
Net Operating Result:	(6.3)	0.3	0.4
Other Changes Affecting AOR			
Prior Year AOR	33.9	1.4	1.7
AOR Redistribution	(26.2)	0.0	0.0
Cash Factor	0.0	0.0	0.0
Accumulated Operating Result:	1.4	1.7	2.1

FY 03 PRESIDENT'S BUDGET SUBMISSION
NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
REVENUE AND EXPENSES
(Dollars in Millions)
BP 84 MC MANAGED - SURCHARGED APPLIED

	<u>FY2001</u>	<u>FY2002</u>	<u>FY2003</u>
Revenue			
Gross Sales	20.0	22.1	32.2
Capital Surcharge	0.0	0.0	0.0
Depreciation except Maj Const	0.0	0.0	0.0
Major Construction Depreciation	0.0	0.0	0.0
Other Income (<i>Revenue from War Reserve</i>)	0.0	0.0	0.0
Refunds/Discounts	(1.1)	(1.7)	(1.3)
Total Income:	18.9	20.4	30.9
Expenses			
Cost of Materiel Sold from Inventory (w/ Surcharge)	14.9	16.2	17.4
Salaries and Wages:			
Military Personnel Compensation & Benefits	0.0	0.0	0.0
Civilian Personnel & Compensation & Benefits	2.6	2.8	3.0
Travel & Transportation of Personnel	0.0	0.1	0.1
Materials & Supplies (For internal Operations)	0.0	0.0	0.0
Equipment	0.0	0.0	0.0
Other Purchases from Revolving Funds	1.8	1.9	3.2
Transportation of Things	0.0	0.1	0.1
Depreciation - Capital	0.0	0.0	0.0
Printing and Reproduction	0.0	0.0	0.0
Advisory and Assistance Services	0.0	0.0	0.0
Rent, Communication, Utilities, & Misc. Charges	0.0	0.0	0.0
Other Purchased Services	4.3	4.1	3.8
Total Expenses:	23.7	25.2	27.6
Operating Result:	(4.8)	(4.8)	3.3
Less Capital Surcharge Reservation	0.0	0.0	0.0
Plus Appropriations Affecting NOR/AOR - WRM	0.0	0.0	0.0
Other Changes Affecting NOR/AOR	0.0	0.0	0.2
Navy Cash Recovery	0.0	0.0	0.0
Net Operating Result:	(4.8)	(4.8)	3.5
Other Changes Affecting AOR			
Prior Year AOR	47.2	(2.8)	(7.6)
AOR Redistribution	(45.2)	0.0	0.0
Cash Factor	0.0	0.0	0.0
Accumulated Operating Result:	(2.8)	(7.6)	(4.1)

FY 03 PRESIDENT'S BUDGET SUBMISSION
NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
REVENUE AND EXPENSES
(Dollars in Millions)
BP 84: NON-SURCHARGED ITEMS

	<u>FY2001</u>	<u>FY2002</u>	<u>FY2003</u>
Revenue			
Gross Sales	19.2	18.3	20.0
Capital Surcharge	0.0	0.0	0.0
Depreciation except Maj Const	0.0	0.0	0.0
Major Construction Depreciation	0.0	0.0	0.0
Other Income (<i>Revenue from War Reserve</i>)	0.0	4.8	4.4
Refunds/Discounts	(0.4)	0.0	0.0
Total Income:	18.8	23.1	24.4
Expenses			
Cost of Material Sold	18.8	17.7	18.6
Salaries and Wages:			
Military Personnel Compensation & Benefits	0.0	0.0	0.0
Civilian Personnel & Compensation & Benefits	0.0	0.0	0.0
Travel & Transportation of Personnel	0.0	0.0	0.0
Materials & Supplies (For internal Operations)	0.0	0.0	0.0
Equipment	0.0	0.0	0.0
Other Purchases from Revolving Funds	0.0	0.0	0.0
Transportation of Things	0.0	0.0	0.0
Depreciation - Capital	0.0	0.0	0.0
Printing and Reproduction	0.0	0.0	0.0
Advisory and Assistance Services	0.0	0.0	0.0
Rent, Communication, Utilities, & Misc. Charges	0.0	0.0	0.0
Other Purchased Services	0.0	0.0	0.0
Total Expenses:	18.8	17.7	18.6
Operating Result:	0.0	5.4	5.8
Less Capital Surcharge Reservation	0.0	0.0	0.0
Plus Appropriations Affecting NOR/AOR - <i>WRM</i>	0.0	(4.8)	(4.4)
Other Changes Affecting NOR/AOR	0.0	0.0	0.0
Navy Cash Recovery	0.0	0.0	0.0
Net Operating Result:	0.0	0.6	1.4
Other Changes Affecting AOR			
Prior Year AOR	0.0	0.0	0.6
AOR Redistribution	0.0	0.0	0.0
Cash Factor	0.0	0.0	0.0
Accumulated Operating Result:	0.0	0.6	2.0

Source of Revenue
Summary
(Dollars in Millions)

Marine Corps/Supply Management

	<u>FY2001</u>	<u>FY2002</u>	<u>FY2003</u>
1. New Orders			
1a. Orders from DoD Components:			
Own Component			
Military Personnel, M.C.	25	11.1	1.07
O & M, M.C.	71.2	77.2	97.5
O & M, M.C. Reserve	0.5	0.54	0.55
Reserve Personnel, M.C.	6	0	0
Procurement, M.C.	16.3	11.7	12.4
Other Services (O&M)			
Army	1.84	1.85	1.91
Air Force	0.84	0.84	0.84
Navy	2.58	2.62	2.83
All Other DOD	3.2	3	3
Subtotal	127.5	108.9	120.1
1b. Orders from other Fund Business Areas:			
Navy Supply Management	0	0	0
M.C. Depot Maintenance	5.97	6.27	5.93
Subtotal	6.0	6.3	5.9
1c. Total DoD	133.4	115.1	126.0
1d. Other Orders:			
Other Federal Agencies	0.1	0.1	0
Foreign Military Sales	0	0	0
Non Federal Agencies	4	3	3.3
Subtotal	4.1	3.1	3.3
1. Total New Orders	137.53	118.22	129.33
2. Carry-In Orders	18	14.9	8.1
3. Total Gross Orders:	155.63	133.12	137.43
4. Funded Carry-over:	14.9	8.1	8.6
5. Total Gross Sales:	141.53	125.72	129.43

This file is linked to source files and may contain rounding errors.

Fund-15

February 2002

MARINE CORPS
BUDGET PROJECT 38
(DOLLARS IN MILLIONS)
FY2001

<u>PRODUCT</u>	<u>Barrels</u>	<u>-----PROCURED FROM DFSC-----</u>			<u>Ext Cost</u>	<u>PBD 602 Cost</u>	<u>-----PROCURED BY SERVICE-----</u>			<u>STABILIZED PRICE</u>
		<u>U/P</u>	<u>PBD 602 Rates</u>	<u>Difference</u>			<u>Barrels</u>	<u>U/P</u>	<u>Ext Cost</u>	
JP4	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.0	\$0.00	\$0.00	\$0.00
JP5	5440.0	\$43.26	\$0.00	(\$43.26)	\$235,334.40	\$0.00	0.0	\$0.00	\$0.00	\$43.26
JP-8	37150.0	\$42.42	\$0.00	(\$42.42)	\$1,575,903.00	\$0.00	0.0	\$0.00	\$0.00	\$42.42
Propane	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	4100.0	\$1.28	\$5,248.00	\$0.00
Distillates	104255.0	\$41.16	\$0.00	(\$41.16)	\$4,291,135.80	\$0.00	0.0	\$0.00	\$0.00	\$41.16
MOGAS Lead	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.0	\$0.00	\$0.00	\$0.00
MOGAS Unlead	72710.0	\$45.78	\$0.00	(\$45.78)	\$3,328,663.80	\$0.00	0.0	\$0.00	\$0.00	\$45.78
Residual	8086.0	\$27.30	\$0.00	(\$27.30)	\$220,747.80	\$0.00	0.0	\$0.00	\$0.00	\$27.30
Kerosene	1055.0	\$40.32	\$0.00	(\$40.32)	\$42,537.60	\$0.00	15.0	\$60.55	\$908.25	\$40.32
Other	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	1118.0	\$28.98	\$32,399.64	\$0.00
Coal	25998.0	\$52.20	\$0.00	(\$52.20)	\$1,357,095.60	\$0.00	0.0	\$0.00	\$0.00	\$52.20
Diesel	169749.0	\$39.90	\$0.00	(\$39.90)	\$6,772,985.10	\$0.00	0.0	\$0.00	\$0.00	\$39.90
0	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.0	\$0.00	\$0.00	\$0.00
0	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.0	\$0.00	\$0.00	\$0.00
TOTAL	424443.0				\$17,824,403.10	\$0.00	5,233.0		\$38,555.89	

Fund-15

February 2002

MARINE CORPS
BUDGET PROJECT 38
(DOLLARS IN MILLIONS)
FY2002

PRODUCT	Barrels	-----PROCURED FROM DFSC-----			Ext Cost	PBD 602 Cost	-----PROCURED BY SERVICE-----			STABILIZED PRICE
		U/P	PBD 602 Rates	Difference			Barrels	U/P	Ext Cost	
JP4	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.0	\$0.00	\$0.00	\$0.00
JP5	4600.0	\$42.84	\$0.00	(\$42.84)	\$197,064.00	\$0.00	0.0	\$0.00	\$0.00	\$42.84
JP-8	34776.0	\$42.00	\$0.00	(\$42.00)	\$1,460,592.00	\$0.00	0.0	\$0.00	\$0.00	\$42.00
Propane	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	3670.0	\$1.28	\$4,697.60	\$0.00
Distillates	112956.0	\$40.32	\$0.00	(\$40.32)	\$4,554,385.92	\$0.00	0.0	\$0.00	\$0.00	\$40.32
MOGAS Lead	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.0	\$0.00	\$0.00	\$0.00
MOGAS Unlead	63352.0	\$52.92	\$0.00	(\$52.92)	\$3,352,587.84	\$0.00	0.0	\$0.00	\$0.00	\$52.92
Residual	8375.0	\$29.40	\$0.00	(\$29.40)	\$246,225.00	\$0.00	0.0	\$0.00	\$0.00	\$29.40
Kerosene	840.0	\$48.30	\$0.00	(\$48.30)	\$40,572.00	\$0.00	8.0	\$95.23	\$761.84	\$48.30
Other	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	1119.0	\$28.98	\$32,428.62	\$0.00
Coal	25996.0	\$52.20	\$0.00	(\$52.20)	\$1,356,991.20	\$0.00	0.0	\$0.00	\$0.00	\$52.20
Diesel	76651.0	\$48.30	\$0.00	(\$48.30)	\$3,702,243.30	\$0.00	0.0	\$0.00	\$0.00	\$48.30
0	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.0	\$0.00	\$0.00	\$0.00
0	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.0	\$0.00	\$0.00	\$0.00
TOTAL	327546.0				\$14,910,661.26	\$0.00	4,797.0		\$37,888.06	

Fund-15

February 2002

MARINE CORPS
BUDGET PROJECT 38
(DOLLARS IN MILLIONS)
FY2003

PRODUCT	Barrels	-----PROCURED FROM DFSC-----			Ext Cost	PBD 602 Cost	-----PROCURED BY SERVICE-----			STABILIZED PRICE
		U/P	PBD 602 Rates	Difference			Barrels	U/P	Ext Cost	
JP4	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.0	\$0.00	\$0.00	\$0.00
JP5	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.0	\$0.00	\$0.00	\$0.00
JP-8	34921.0	\$35.28	\$0.00	(\$35.28)	\$1,232,012.88	\$0.00	0.0	\$0.00	\$0.00	\$35.28
Propane	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	3774.0	\$1.28	\$4,830.72	\$0.00
Distillates	129630.0	\$34.02	\$0.00	(\$34.02)	\$4,410,012.60	\$0.00	0.0	\$0.00	\$0.00	\$34.02
MOGAS Lead	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.0	\$0.00	\$0.00	\$0.00
MOGAS Unlead	59050.0	\$36.12	\$0.00	(\$36.12)	\$2,132,886.00	\$0.00	0.0	\$0.00	\$0.00	\$36.12
Residual	8297.0	\$29.40	\$0.00	(\$29.40)	\$243,931.80	\$0.00	0.0	\$0.00	\$0.00	\$29.40
Kerosene	840.0	\$44.10	\$0.00	(\$44.10)	\$0.00	\$0.00	10.0	\$95.23	\$952.30	\$44.10
Other	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	1220.0	\$28.98	\$35,355.60	\$0.00
Coal	25996.0	\$52.20	\$0.00	(\$52.20)	\$1,356,991.20	\$0.00	0.0	\$0.00	\$0.00	\$52.20
Diesel	75215.0	\$37.80	\$0.00	(\$37.80)	\$2,843,127.00	\$0.00	0.0	\$0.00	\$0.00	\$37.80
0	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.0	\$0.00	\$0.00	\$0.00
0	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.0	\$0.00	\$0.00	\$0.00
TOTAL	333949.0				\$12,218,961.48	\$0.00	5,004.0		\$41,138.62	

NAVY WORKING CAPITAL FUND
MARINE CORPS SUPPLY MANAGEMENT
(DOLLARS IN MILLIONS)
TOTAL PROGRAM SUMMARY

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	<u>OBLIGATION TARGETS</u>			TOTAL OBLIGATION	COMMITMENT TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
FY2001										
Approved	526.2	176.6	154.8	177.9	6.5	0.0	184.4	35.1	219.5	1.9
Request	526.0	141.8	139.2	147.4	6.5	0.0	153.9	35.1	189.0	2.3
Delta	(0.2)	(34.8)	(15.6)	(30.5)	0.0	0.0	(30.5)	0.0	(30.5)	0.4
FY2002										
Approved	515.1	127.5	129.1	116.8	8.4	0.0	125.2	22.7	147.9	2.0
Request	491.5	122.9	123.6	137.1	8.4	0.0	145.5	42.7	188.2	2.1
Delta	(23.6)	(4.6)	(5.5)	20.3	0.0	0.0	20.3	20.0	40.3	0.1
FY2003										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	480.5	127.3	127.7	124.8	7.3	0.0	132.1	22.4	154.5	1.7
Delta	480.5	127.3	127.7	124.8	7.3	0.0	132.1	22.4	154.5	1.7

SM-1

February 2002

NAVY WORKING CAPITAL FUND
MARINE CORPS SUPPLY MANAGEMENT
FY2001
(Dollars in Millions)

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OBLIGATION TARGETS			TOTAL OBLIGATION	COMMITMENT TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
BP 21										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Delta	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BP 28										
Approved	96.8	97.5	97.5	97.8	1.7	0.0	99.5	19.9	119.4	0.3
Request	126.6	86.5	86.5	88.3	1.7	0.0	90.0	19.9	109.9	0.8
Delta	29.8	(11.0)	(11.0)	(9.5)	0.0	0.0	(9.5)	0.0	(9.5)	0.5
BP 38										
Approved	0.9	19.6	19.6	19.6	0.0	0.0	19.6	3.9	23.5	0.0
Request	1.1	15.0	15.0	17.8	0.0	0.0	17.8	3.9	21.7	0.0
Delta	0.2	(4.6)	(4.6)	(1.8)	0.0	0.0	(1.8)	0.0	(1.8)	0.0
BP 84										
Approved	428.5	59.5	37.7	51.7	4.8	0.0	56.5	11.3	67.8	1.6
Request	398.3	40.3	37.7	32.5	4.8	0.0	37.3	11.3	48.6	1.5
Delta	(30.2)	(19.2)	0.0	(19.2)	0.0	0.0	(19.2)	0.0	(19.2)	(0.1)
			*REPAIR ----->	15.5						
BP 91										
Approved	0.0	0.0	0.0	8.8	0.0	0.0	8.8	0.0	8.8	0.0
Request	0.0	0.0	0.0	8.8	0.0	0.0	8.8	0.0	8.8	0.0
Delta	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL										
Approved	526.2	176.6	154.8	177.9	6.5	0.0	184.4	35.1	219.5	1.9
Request	526.0	141.8	139.2	147.4	6.5	0.0	153.9	35.1	189.0	2.3
Delta	(0.2)	(34.8)	(15.6)	(30.5)	0.0	0.0	(30.5)	0.0	(30.5)	0.4

NAVY WORKING CAPITAL FUND
MARINE CORPS SUPPLY MANAGEMENT
FY2002
(Dollars in Millions)

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	<u>OBLIGATION TARGETS</u>			TOTAL OBLIGATION	COMMITMENT TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
BP 21										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Delta	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BP 28										
Approved	87.5	61.8	61.8	61.4	4.0	0.0	65.4	13.1	78.5	0.3
Request	99.9	69.9	70.0	69.6	4.0	0.0	73.6	33.1	106.7	0.4
Delta	12.4	8.1	8.2	8.2	0.0	0.0	8.2	20.0	28.2	0.1
BP 38										
Approved	1.0	15.7	15.7	15.7	0.0	0.0	15.7	2.6	18.3	0.0
Request	1.3	14.9	14.9	14.9	0.0	0.0	14.9	2.6	17.5	0.0
Delta	0.3	(0.8)	(0.8)	(0.8)	0.0	0.0	(0.8)	0.0	(0.8)	0.0
BP 84										
Approved	426.6	50.0	51.6	30.7	4.4	0.0	35.1	7.0	42.1	1.7
Request	390.4	38.0	38.7	43.6	4.4	0.0	48.0	7.0	55.0	1.7
Delta	(36.2)	(12.0)	(12.9)	12.9	0.0	0.0	12.9	0.0	12.9	0.0
			*REPAIR ----->	22.5						
BP 91										
Approved	0.0	0.0	0.0	9.0	0.0	0.0	9.0	0.0	9.0	0.0
Request	0.0	0.0	0.0	9.0	0.0	0.0	9.0	0.0	9.0	0.0
Delta	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL										
Approved	515.1	127.5	129.1	116.8	8.4	0.0	125.2	22.7	147.9	2.0
Request	491.5	122.9	123.6	137.1	8.4	0.0	145.5	42.7	188.2	2.1
Delta	(23.6)	(4.6)	(5.5)	20.3	0.0	0.0	20.3	20.0	40.3	0.1

NAVY WORKING CAPITAL FUND
MARINE CORPS SUPPLY MANAGEMENT
FY2003
(Dollars in Millions)

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	<u>OBLIGATION TARGETS</u>			TOTAL OBLIGATION	COMMITMENT TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
BP 21										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Delta	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BP 28										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	93.9	64.6	64.6	64.2	3.0	0.0	67.2	13.0	80.2	0.4
Delta	93.9	64.6	64.6	64.2	3.0	0.0	67.2	13.0	80.2	0.4
BP 38										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	1.4	12.2	12.2	12.2	0.0	0.0	12.2	2.5	14.7	0.0
Delta	1.4	12.2	12.2	12.2	0.0	0.0	12.2	2.5	14.7	0.0
BP 84										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	385.2	50.5	50.9	38.2	4.3	0.0	42.5	6.9	49.4	1.3
Delta	385.2	50.5	50.9	38.2	4.3	0.0	42.5	6.9	49.4	1.3
			*REPAIR ----->	21.9						
BP 91										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	0.0	10.2	0.0	0.0	10.2	0.0	10.2	0.0
Delta	0.0	0.0	0.0	10.2	0.0	0.0	10.2	0.0	10.2	0.0
TOTAL										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	480.5	127.3	127.7	124.8	7.3	0.0	132.1	22.4	154.5	1.7
Delta	480.5	127.3	127.7	124.8	7.3	0.0	132.1	22.4	154.5	1.7

SM-3B

February 2002

NAVY WORKING CAPITAL FUND
MARINE CORPS SUPPLY MANAGEMENT
BY WEAPON SYSTEM/CATEGORY
RETAIL CENTRALLY MANAGED
FY2001
(DOLLARS IN MILLIONS)

WEAPON SYSTEM	BASIC REPLEN	OUTFITS BP 28	SPECIAL PROGRAMS	BASIC REWORK	TOTAL
IMPROVED RECOVERY VEHICLE	0.0	0.3	0.0	0.0	0.3
HMMWV	0.0	0.2	0.0	0.0	0.2
	0.0	0.0	0.0	0.0	0.0
BASIC REPLEN/BASIC REWORK	0.0	0.0	0.0	0.0	0.0
TOTAL AUTOMATIVE	0.0	0.5	0.0	0.0	0.5
	0.0	0.0	0.0	0.0	0.0
	0.0	0.0	0.0	0.0	0.0
	0.0	0.0	0.0	0.0	0.0
BASIC REPLEN/BASIC REWORK	0.0	0.0	0.0	0.0	0.0
TOTAL GUIDED MISSILES AND EQUIPMENT	0.0	0.0	0.0	0.0	0.0
Intelligence Support Equipment	0.0	0.5	0.0	0.0	0.5
Modification Kits (Intel)	0.0	0.4	0.0	0.0	0.4
BASIC REPLEN/BASIC REWORK	0.1	0.0	0.0	0.0	0.1
	0.0	0.0	0.0	0.0	0.0
	0.0	0.0	0.0	0.0	0.0
	0.0	0.0	0.0	0.0	0.0
	0.0	0.0	0.0	0.0	0.0
TOTAL COMMUNICATION AND ELECTRONICS	0.1	0.9	0.0	0.0	1.0
	0.0	0.0	0.0	0.0	0.0
	0.0	0.0	0.0	0.0	0.0
	0.0	0.0	0.0	0.0	0.0
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0
TOTAL GENERAL PROPERTY	0.0	0.0	0.0	0.0	0.0
TOTAL PROCUREMENT	0.1	1.4	0.0	0.0	1.5
WAR RESERVE			1.7		1.7
TOTAL COST	0.1	1.4	1.7	0.0	3.2

SM-3B

February 2002

NAVY WORKING CAPITAL FUND
MARINE CORPS SUPPLY MANAGEMENT
BY WEAPON SYSTEM/CATEGORY
RETAIL CENTRALLY MANAGED
FY2002
(DOLLARS IN MILLIONS)

WEAPON SYSTEM	BASIC REPLEN	OUTFITS BP 28	SPECIAL PROGRAMS	BASIC REWORK	TOTAL
AAV7A1PIP		0.3			0.3
HMMWV		1.0			1.0
					0.0
BASIC REPLEN/BASIC REWORK					0.0
TOTAL ORDNANCE TANK AUTOMOTIVE	0.0	1.3	0.0	0.0	1.3
					0.0
					0.0
					0.0
BASIC REPLEN/BASIC REWORK					0.0
TOTAL GUIDED MISSILES AND EQUIPMENT	0.0	0.0	0.0	0.0	0.0
COMMAND POST SYSTEMS		0.1			0.1
FIRE SUPPORT SYSTEMS		0.1			0.1
INTELLIGENCE SUPPORT EQUIPMENT		0.1			0.1
BASIC REPLEN/BASIC REWORK	0.1				0.1
TOTAL COMMUNICATION AND ELECTRONICS	0.1	0.3	0.0	0.0	0.4
					0.0
					0.0
					0.0
BASIC REPLEN/BASIC REWORK					0.0
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	0.0	0.0	0.0	0.0	0.0
					0.0
					0.0
					0.0
BASIC REPLEN/BASIC REWORK					0.0
TOTAL GENERAL PROPERTY	0.0	0.0	0.0	0.0	0.0
TOTAL PROCUREMENT	0.1	1.6	0.0	0.0	1.7
WAR RESERVE			4.0		4.0
TOTAL COST	0.1	1.6	4.0	0.0	5.7

SM-3B

February 2002

NAVY WORKING CAPITAL FUND
MARINE CORPS SUPPLY MANAGEMENT
BY WEAPON SYSTEM/CATEGORY
RETAIL CENTRALLY MANAGED
FY2003
(DOLLARS IN MILLIONS)

WEAPON SYSTEM	BASIC REPLEN	OUTFITS BP 28	SPECIAL PROGRAMS	BASIC REWORK	TOTAL
LAV-PIP		1.1			1.1
					0.0
					0.0
BASIC REPLEN/BASIC REWORK					0.0
TOTAL ORDNANCE TANK AUTOMOTIVE	0.0	1.1	0.0	0.0	1.1
					0.0
					0.0
					0.0
BASIC REPLEN/BASIC REWORK					0.0
TOTAL GUIDED MISSILES AND EQUIPMENT	0.0	0.0	0.0	0.0	0.0
FIRE SUPPORT SYSTEMS		0.1			0.1
INTELLIGENCE SUPPORT EQUIPMENT		0.1			0.1
					0.0
BASIC REPLEN/BASIC REWORK					0.0
TOTAL COMMUNICATION AND ELECTRONICS	0.0	0.2	0.0	0.0	0.2
INTERNALLY TRANSPORTABLE VEHICLE		0.5			0.5
					0.0
					0.0
BASIC REPLEN/BASIC REWORK					0.0
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	0.0	0.5	0.0	0.0	0.5
					0.0
					0.0
					0.0
					0.0
TOTAL GENERAL PROPERTY	0.0	0.0	0.0	0.0	0.0
TOTAL PROCUREMENT	0.0	1.8	0.0	0.0	1.8
WAR RESERVE			3.0		3.0
TOTAL COST	0.0	1.8	3.0	0.0	4.8

SM-3B

February 2002

NAVY WORKING CAPITAL FUND
MARINE CORPS SUPPLY MANAGEMENT
BY WEAPON SYSTEM/CATEGORY
DEPOT LEVEL REPARABLES
FY2001
(DOLLARS IN MILLIONS)

WEAPON SYSTEM	BASIC REPLEN	OUTFITS	SPECIAL PROGRAMS	BASIC REWORK	TOTAL
IMPROVED RECOVERY VEHICLE	1.2	4.1		1.8	7.1
					0.0
					0.0
BASIC REPLEN/BASIC REWORK					0.0
TOTAL ORDNANCE TANK AUTOMOTIVE	1.2	4.1	0.0	1.8	7.1
					0.0
					0.0
					0.0
BASIC REPLEN/BASIC REWORK	0.1			1.2	1.3
TOTAL GUIDED MISSILES AND EQUIPMENT	0.1	0.0	0.0	1.2	1.3
Command Post Systems		2.2			2.2
Radio Systems		2.7			2.7
Manuever C2 Systems		0.4			0.4
Air Operations C2 System		2.9			2.9
Item Under \$5M		0.8			0.8
Auto Test Equipment		0.5			0.5
Intelligence Support Equipment		1.7			1.7
Modification Kits (Intel)		0.0			0.0
BASIC REPLEN/BASIC REWORK	0.1	0.0		12.5	12.6
TOTAL COMMUNICATION AND ELECTRONICS	0.1	11.2	0.0	12.5	23.8
					0.0
					0.0
					0.0
BASIC REPLEN/BASIC REWORK	0.1				0.1
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	0.1	0.0	0.0	0.0	0.1
					0.0
					0.0
					0.0
BASIC REPLEN/BASIC REWORK	0.2				0.2
TOTAL GENERAL PROPERTY	0.2	0.0	0.0	0.0	0.2
TOTAL PROCUREMENT	1.7	15.3	0.0	15.5	32.5
War Reserve			4.8		4.8
TOTAL COST	1.7	15.3	4.8	15.5	37.3

SM-3B

February 2002

NAVY WORKING CAPITAL FUND
MARINE CORPS SUPPLY MANAGEMENT
BY WEAPON SYSTEM/CATEGORY
DEPOT LEVEL REPARABLES
FY2002
(DOLLARS IN MILLIONS)

WEAPON SYSTEM	BASIC REPLEN	OUTFITS	SPECIAL PROGRAMS	BASIC REWORK	TOTAL
					0.0
					0.0
					0.0
BASIC REPLEN/BASIC REWORK	2.4			1.8	4.2
TOTAL ORDNANCE TANK AUTOMOTIVE	2.4	0.0	0.0	1.8	4.2
					0.0
					0.0
					0.0
BASIC REPLEN/BASIC REWORK	1.3			3.2	4.5
TOTAL GUIDED MISSILES AND EQUIPMENT	1.3	0.0	0.0	3.2	4.5
THIRD ECHELON TEST SET		0.4			0.4
COMMAND POST SYSTEMS		1.0			1.0
FIRE SUPPORT SYSTEMS		1.8			1.8
INTELLIGENCE SUPPORT EQUIPMENT		3.1			3.1
MODIFICATION KITS (INTEL)		2.6			2.6
COMM SWITCH & CONTROL		2.9			2.9
NIGHT VISION EQUIPMENT		0.1			0.1
RADIO SYSTEMS		0.4			0.4
BASIC REPLEN/BASIC REWORK	4.6			14.8	19.4
TOTAL COMMUNICATION AND ELECTRONICS	4.6	12.3	0.0	14.8	31.7
					0.0
					0.0
					0.0
BASIC REPLEN/BASIC REWORK				2.1	2.1
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	0.0	0.0	0.0	2.1	2.1
					0.0
					0.0
					0.0
BASIC REPLEN/BASIC REWORK	0.5			0.6	1.1
TOTAL GENERAL PROPERTY	0.5	0.0	0.0	0.6	1.1
TOTAL PROCUREMENT	8.8	12.3	0.0	22.5	43.6
War Reserve			4.4		4.4
TOTAL COST	8.8	12.3	4.4	22.5	48.0

SM-3B

February 2002

MARINE CORPS SUPPLY MANAGEMENT
BY WEAPON SYSTEM/CATEGORY
DEPOT LEVEL REPARABLES
FY2003
(DOLLARS IN MILLIONS)

WEAPON SYSTEM	BASIC REPLEN	OUTFITS	SPECIAL PROGRAMS	BASIC REWORK	TOTAL
LAV-PIP		0.5			0.5
					0.0
					0.0
BASIC REPLEN/BASIC REWORK	1.4			1.8	3.2
TOTAL ORDNANCE TANK AUTOMOTIVE	1.4	0.5	0.0	1.8	3.7
					0.0
					0.0
					0.0
BASIC REPLEN/BASIC REWORK	0.5			3.2	3.7
TOTAL GUIDED MISSILES AND EQUIPMENT	0.5	0.0	0.0	3.2	3.7
GENERAL PURPOSE ELECTRONIC TEST EQUIPMENT		0.2			0.2
MODIFICATION KITS (MAGTF C4I)		5.2			5.2
FIRE SUPPORT SYSTEMS		1.4			1.4
INTELLIGENCE SUPPORT EQUIPMENT		0.2			0.2
MODIFICATION KITS (INTEL)		0.1			0.1
BASIC REPLEN/BASIC REWORK	6.8			14.8	21.6
TOTAL COMMUNICATION AND ELECTRONICS	6.8	7.1	0.0	14.8	28.7
					0.0
					0.0
					0.0
BASIC REPLEN/BASIC REWORK				2.0	2.0
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	0.0	0.0	0.0	2.0	2.0
					0.0
					0.0
					0.0
BASIC REPLEN/BASIC REWORK	0.1			0.1	0.2
TOTAL GENERAL PROPERTY	0.1	0.0	0.0	0.1	0.2
TOTAL PROCUREMENT	8.8	7.6	0.0	21.9	38.3
War Reserve			4.3		4.3
TOTAL COST	8.8	7.6	4.3	21.9	42.6

NAVY WORKING CAPITAL FUND
INVENTORY STATUS
SUMMARY
(DOLLARS IN MILLIONS)
FY2001

	<u>Total</u>	<u>Mobilization</u>	---- Peacetime ---- <u>Operating</u>	<u>Other</u>
1. INVENTORY BOP	618.9	74.2	446.8	97.9
2. BOP INVENTORY ADJUSTMENTS	31.2	5.7	21.5	4.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	31.2	5.7	21.5	4.0
C. INVENTORY RECLASSIFIED AND REPRICED	650.0	79.9	468.3	101.9
3. RECEIPTS AT STANDARD	127.9	3.7	124.2	0.0
4. SALES AT STANDARD	155.1	0.0	155.1	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	(6.5)	(3.9)	0.0	(2.6)
B. RETURNS FROM CUSTOMERS FOR CREI	2.3	0.0	2.4	(0.1)
C. RETURNS FROM CUSTOMERS W/O CREI	112.9	3.4	39.3	70.2
D. RETURNS TO SUPPLIERS (-)	(15.9)	0.0	(0.5)	(15.4)
E. TRANSFERS TO PROP. DISPOSAL (-)	(30.6)	0.0	1.1	(31.7)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(32.1)	0.0	(6.6)	(25.5)
G. OTHER (list/explain)	(48.0)	(4.2)	(58.2)	14.3
H. TOTAL ADJUSTMENTS	(18.0)	(4.7)	(22.5)	9.2
6. INVENTORY EOP	604.9	78.9	414.9	111.1
7. INVENTORY EOP, REVALUED	276.7	50.6	176.2	49.9
A. ECONOMIC RETENTION (memo)				10.5
B. CONTINGENCY RETENTION (memo)				18.1
C. POTENTIAL DOD EXCESS (memo)				21.4
8. INVENTORY ON ORDER EOP (memo)	121.1	6.5	108.0	6.6
9. NARRATIVE:				

Other adjustments (line 5g):

	<u>Total</u>	<u>Mobilization</u>	<u>Operating</u>	<u>Other</u>
Other Gains/Losses	(48.0)	(4.2)	(58.2)	14.3
K3 Adjust	0.0	0.0	0.0	0.0
SIT Change	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
	----	----	----	----
Total	(48.0)	(4.2)	(58.2)	14.3

NAVY WORKING CAPITAL FUND
INVENTORY STATUS
SUMMARY
(DOLLARS IN MILLIONS)
FY2002

	<u>Total</u>	<u>Mobilization</u>	---- Peacetime ---- <u>Operating</u>	<u>Other</u>
1. INVENTORY BOP	604.9	78.9	414.9	111.1
2. BOP INVENTORY ADJUSTMENTS	5.0	0.7	3.4	0.9
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	5.0	0.7	3.4	0.9
C. INVENTORY RECLASSIFIED AND REPRICED	609.8	79.6	418.3	112.0
3. RECEIPTS AT STANDARD	108.0	6.5	101.5	0.0
4. SALES AT STANDARD	135.6	0.0	135.6	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	(9.6)	(2.8)	(6.8)	0.0
B. RETURNS FROM CUSTOMERS FOR CREI	2.1	0.0	2.1	0.0
C. RETURNS FROM CUSTOMERS W/O CREI	80.3	0.0	21.4	58.9
D. RETURNS TO SUPPLIERS (-)	(6.3)	0.0	(0.1)	(6.2)
E. TRANSFERS TO PROP. DISPOSAL (-)	(7.8)	0.0	(0.5)	(7.3)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(56.9)	0.0	(0.2)	(56.7)
G. OTHER (list/explain)	(9.2)	0.0	(14.9)	5.7
H. TOTAL ADJUSTMENTS	(7.4)	(2.8)	1.0	(5.6)
6. INVENTORY EOP	574.8	83.3	385.1	106.4
7. INVENTORY EOP, REVALUED	254.6	51.4	156.2	47.1
A. ECONOMIC RETENTION (memo)				10.0
B. CONTINGENCY RETENTION (memo)				16.8
C. POTENTIAL DOD EXCESS (memo)				20.4
8. INVENTORY ON ORDER EOP (memo)	121.4	8.4	106.4	6.6
9. NARRATIVE:				

Other adjustments (line 5f):

	<u>Total</u>	<u>Mobilization</u>	<u>Operating</u>	<u>Other</u>
Other Gains/Losses	(9.2)	0.0	(14.9)	5.7
K3 Adjust	0.0	0.0	0.0	0.0
SIT Change	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
	----	----	----	----
Total	(9.2)	0.0	(14.9)	5.7

NAVY WORKING CAPITAL FUND
INVENTORY STATUS
SUMMARY
(DOLLARS IN MILLIONS)
FY2003

	<u>Total</u>	<u>Mobilization</u>	---- Peacetime ---- <u>Operating</u>	<u>Other</u>
1. INVENTORY BOP	574.8	83.3	385.1	106.4
2. BOP INVENTORY ADJUSTMENTS	8.1	0.9	5.8	1.4
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	8.1	0.9	5.8	1.4
C. INVENTORY RECLASSIFIED AND REPRICED	582.9	84.2	390.9	107.8
3. RECEIPTS AT STANDARD	122.7	8.4	114.3	0.0
4. SALES AT STANDARD	139.2	0.0	139.2	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.2	0.0	0.2	0.0
B. RETURNS FROM CUSTOMERS FOR CREI	1.7	0.0	1.7	0.0
C. RETURNS FROM CUSTOMERS W/O CREI	92.1	0.0	18.6	73.5
D. RETURNS TO SUPPLIERS (-)	(10.1)	0.0	(0.0)	(10.1)
E. TRANSFERS TO PROP. DISPOSAL (-)	(7.2)	0.0	(0.2)	(7.0)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(72.9)	0.0	(2.1)	(70.8)
G. OTHER (list/explain)	2.8	0.0	(3.9)	6.7
H. TOTAL ADJUSTMENTS	6.7	0.0	14.4	(7.7)
6. INVENTORY EOP	573.1	92.6	380.4	100.1
7. INVENTORY EOP, REVALUED	253.6	56.3	152.2	45.1
A. ECONOMIC RETENTION (memo)				9.8
B. CONTINGENCY RETENTION (memo)				16.1
C. POTENTIAL DOD EXCESS (memo)				19.1
8. INVENTORY ON ORDER EOP (memo)	101.9	7.3	88.0	6.6
9. NARRATIVE:				

Other adjustments (line 5f):

	<u>Total</u>	<u>Mobilization</u>	<u>Operating</u>	<u>Other</u>
Other Gains/Losses	2.8	0.0	(3.9)	6.7
K3 Adjust	0.0	0.0	0.0	0.0
SIT Change	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
	----	----	----	----
Total	2.8	0.0	(3.9)	6.7

FY 03 PRESIDENT'S BUDGET SUBMIT
NAVY WORKING CAPITAL FUND
MARINE CORPS SUPPLY MANAGEMENT
Wholesale Only (BP 84 MC Managed)
Customer Price Change
(\$ IN MILLIONS)

Composite (BP 84)

		<u>FY2001</u>		<u>FY2002</u>		<u>FY2003</u>
1. Net Sales at Cost		35.0		27.2		24.6
2. Less: Mat'l Inflation Adj.		0.5		0.5		0.5
3. Revised Net Sales		34.5		26.7		24.1
4. Surcharge (\$)		9.5		7.0		15.2
5. Change to Customers						
a. Previous Year's Surcharge (%)		36.75%		27.11%		25.74%
b. This year's Surcharge and Material Inflation divided by line 3 above (\$)		28.96%		28.09%		65.15%
c. Percent change to customer		-5.70%		0.77%		31.34%

**Note: This file is linked to source files in which data is portrayed in thousands, not millions.
Rounding differences may occur as a result.**

War Reserve Material (WRM)

Stockpile

FY2001

(\$ in millions)

Stockpile Status			
	Total	WRM Protected	WRM Other
1. Inventory BOP @ std	74.2	74.2	0.0
2. Price Change	5.7	5.7	0.0
3. Reclassification	79.9	79.9	0.0
Inventory Changes			
a. Receipts @ std	7.1	7.1	0.0
(1). Purchases	3.7	3.7	0.0
(2). Returns from customers	3.4	3.4	0.0
b. Issues @ std	0.0	0.0	0.0
(1). Sales	0.0	0.0	0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3). Disposals	0.0	0.0	0.0
c. Adjustments @ std	-8.1	-8.1	0.0
(1). Capitalizations	-3.9	-3.9	0.0
(2). Gains and losses	0.0	0.0	0.0
(3). Other	-4.2	-4.2	0.0
Inventory EOP	78.9	78.9	0.0
Stockpile Costs			
1. Storage	0.0	0.0	0.0
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	0.0	0.0	0.0
WRM Budget Request			
1. Obligations @ cost			
a. Additional WRM Investment	0.0	0.0	0.0
b. Replen./Repair WRM Reinvest.	6.5	6.5	0.0
c. Stock Rotation/Obsolescence	0.0	0.0	0.0
d. Assemble/Disassemble	0.0	0.0	0.0
e. Other	0.0	0.0	0.0
Total Request	6.5	6.5	0.0

War Reserve Material (WRM)

Stockpile

FY2002

(\$ in millions)

Stockpile Status			
	Total	WRM Protected	WRM Other
1. Inventory BOP @ std	78.9	78.9	0.0
2. Price Change	0.7	0.7	0.0
3. Reclassification	79.6	79.6	0.0
Inventory Changes			
a. Receipts @ std	6.5	6.5	0.0
(1). Purchases	6.5	6.5	0.0
(2). Returns from customers	0.0	0.0	0.0
b. Issues @ std	0.0	0.0	0.0
(1). Sales	0.0	0.0	0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3). Disposals	0.0	0.0	0.0
c. Adjustments @ std	-2.8	-2.8	0.0
(1). Capitalizations	-2.8	-2.8	0.0
(2). Gains and losses	0.0	0.0	0.0
(3). Other	0.0	0.0	0.0
Inventory EOP	83.3	83.3	0.0
Stockpile Costs			
1. Storage	0.0	0.0	0.0
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	0.0	0.0	0.0
WRM Budget Request			
1. Obligations @ cost			
a. Additional WRM Investment	0.0	0.0	0.0
b. Replen./Repair WRM Reinvest.	8.4	8.4	0.0
c. Stock Rotation/Obsolescence	0.0	0.0	0.0
d. Assemble/Disassemble	0.0	0.0	0.0
e. Other	0.0	0.0	0.0
Total Request	8.4	8.4	0.0

War Reserve Material (WRM)

Stockpile

FY2003

(\$ in millions)

Stockpile Status			
	Total	WRM Protected	WRM Other
1. Inventory BOP @ std	83.3	83.3	0.0
2. Price Change	0.9	0.9	0.0
3. Reclassification	84.2	84.2	0.0
Inventory Changes			
a. Receipts @ std	8.4	8.4	0.0
(1). Purchases	8.4	8.4	0.0
(2). Returns from customers	0.0	0.0	0.0
b. Issues @ std	0.0	0.0	0.0
(1). Sales	0.0	0.0	0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3). Disposals	0.0	0.0	0.0
c. Adjustments @ std	0.0	0.0	0.0
(1). Capitalizations	0.0	0.0	0.0
(2). Gains and losses	0.0	0.0	0.0
(3). Other	0.0	0.0	0.0
Inventory EOP	92.6	92.6	0.0
Stockpile Costs			
1. Storage	0.0	0.0	0.0
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	0.0	0.0	0.0
WRM Budget Request			
1. Obligations @ cost			
a. Additional WRM Investment	0.0	0.0	0.0
b. Replen./Repair WRM Reinvest.	7.3	7.3	0.0
c. Stock Rotation/Obsolescence	0.0	0.0	0.0
d. Assemble/Disassemble	0.0	0.0	0.0
e. Other	0.0	0.0	0.0
Total Request	7.3	7.3	0.0

Fund-9a		Activity Group Capital Investment Summary Marine Corps Supply Management Activity Group February 2002 (\$ in Millions)				February 2002	
Line Number	Item Description	FY2001		FY2002		FY2003	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1a	Non-ADP Equipment						
	(List here)						
	Subtotal Equipment	0.0	0.0	0.0	0.0	0.0	0.0
1b	Non-ADP Equipment						
	(List here)						
	Subtotal Equipment	0.0	0.0	0.0	0.0	0.0	0.0
2a	Minor Construction						
	(List here)						
	Subtotal Minor Const	0.0	0.0	0.0	0.0	0.0	0.0
3a	ADP Equipment						
	(List here)						
	Subtotal ADP Equipment	0.0	0.0	0.0	0.0	0.0	0.0
3b	ADP Equipment						
	(List here)						
	Subtotal ADP Equipment	0.0	0.0	0.0	0.0	0.0	0.0
4a	Telecommunications Equip						
	(List here)						
	Subtotal Telecomm Equip	0.0	0.0	0.0	0.0	0.0	0.0
4b	Off the Shelf Software						
	(List here)						
	Subtotal Off the Shelf	0.0	0.0	0.0	0.0	0.0	0.0
6c	Central Design Activity						
	(List here)						
	Subtotal CDA	0.0	0.0	0.0	0.0	0.0	0.0
	GRAND TOTAL CAPITAL PURCHASE PROGRAM	0.0	0.0	0.0	0.0	0.0	0.0

Navy Working Capital Fund
Marine Corps Supply Management Activity Group
FY 2003 PRESIDENT'S BUDGET ESTIMATES
FY2001
(Dollars in Millions)

<u>FY2001</u>	<u>Approved Project</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Asset/ Deficiency</u>
Equipment except ADPE and TELECOM					
N/A		0.0	0.0	0.0	0.0
					0.0
	Subtotal Equipment	0.0	0.0	0.0	0.0
Equipment - ADPE and TELECOM					
					0.0
					0.0
	Subtotal ADPE/TelCom	0.0	0.0	0.0	0.0
Software Development					
					0.0
					0.0
	Subtotal Software	0.0	0.0	0.0	0.0
Minor Construction					
N/A		0.0	0.0	0.0	0.0
					0.0
	Subtotal Minor Construction	0.0	0.0	0.0	0.0
Total CY		0.0	0.0	0.0	0.0

Navy Working Capital Fund
Marine Corps Supply Management Activity Group
FY 2003 PRESIDENT'S BUDGET ESTIMATES
FY2002
(Dollars in Millions)

<u>FY2002</u>	<u>Approved Project</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Asset/ Deficiency</u>
Equipment except ADPE and TELECOM					
N/A		0.0	0.0	0.0	0.0
					0.0
Subtotal Equipment		0.0	0.0	0.0	0.0
Equipment - ADPE and TELECOM					
					0.0
					0.0
Subtotal ADPE/TelCom		0.0	0.0	0.0	0.0
Software Development					
					0.0
					0.0
Subtotal Software		0.0	0.0	0.0	0.0
Minor Construction					
N/A		0.0	0.0	0.0	0.0
					0.0
Subtotal Minor Construction		0.0	0.0	0.0	0.0
Total BY1		0.0	0.0	0.0	0.0

Navy Working Capital Fund
Marine Corps Supply Management Activity Group
FY 2003 PRESIDENT'S BUDGET ESTIMATES
FY2003
(Dollars in Millions)

<u>FY2003</u>	<u>Approved Project</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Asset/ Deficiency</u>
Equipment except ADPE and TELECOM					
N/A		0.0	0.0	0.0	0.0
					0.0
Subtotal Equipment		0.0	0.0	0.0	0.0
Equipment - ADPE and TELECOM					
					0.0
					0.0
Subtotal ADPE/TelCom		0.0	0.0	0.0	0.0
Software Development					
					0.0
					0.0
Subtotal Software		0.0	0.0	0.0	0.0
Minor Construction					
N/A		0.0	0.0	0.0	0.0
					0.0
Subtotal Minor Construction		0.0	0.0	0.0	0.0
Total BY2		0.0	0.0	0.0	0.0